

USAID/A
Annual Program Statement (APS)
FY 11 & FY 12 Development Innovation Ventures
APS #M/OAA/ GRO/LMA/11-02000

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Office of the Administrator (AID/A)
1300 Pennsylvania Avenue, N.W. Washington D.C. 20523

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CLOSING DATE: June 8, 2012

**SUBJECT: USAID/A Annual Program Statement (APS) for Development
Innovation Ventures (M/OAA/ GRO/LMA/11-02000)**

Pursuant to the Foreign Assistance Act of 1961, as amended, the United States Government (USG), as represented by the U.S. Agency for International Development (USAID), Office of the Administrator (AID/A), invites applications for Development Innovation Ventures (DIV). The purpose of this APS is to disseminate information to prospective applicants so that they may develop and submit applications for USAID funding. This APS: (A) describes the types of project for which applications will be considered; (B) describes the funding available and the process and requirements for submitting applications; (C) explains the criteria for evaluating applications; and (D) refers prospective applicants to relevant documentation available on the internet. AID/A anticipates awarding multiple grants and/or cooperative agreements as a result of this APS.

For any questions regarding this APS, please contact the Agreement Specialist (AS) via email at DIVApplications@usaid.gov. After the closing time and date for applications, the AS becomes the sole point of contact for all applicant inquiries.

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U.S. Agency for International Development FY2011 Annual Program Statement Development Innovation Ventures

1 Background

In announcing the first-ever U.S. Global Development Policy, the President called for increasing our investments and engagement in development-focused innovation. Putting in place projects and mechanisms for fostering and identifying innovative development solutions that have a broad impact on people is also a pillar of the U.S. Agency for International Development (USAID) reform program, called USAID Forward.

As part of its commitment to increase investments and engagement in cost-efficient innovations, USAID launched Development Innovation Ventures (DIV) as a way of producing development outcomes more effectively and cost-efficiently while managing risk and obtaining leverage.

Through DIV, USAID seeks to identify and rigorously test promising projects with the potential to significantly (rather than incrementally) improve development outcomes, and help replicate and scale projects that are proven successful. USAID/DIV expects its most successful of investments will have an accelerated growth path to reach tens of millions of beneficiaries worldwide within 10 years. However, USAID/DIV also expects that some of its investments may not produce projected outcomes or produce suboptimal outcomes. USAID/DIV manages this risk by staging financing to correspond with evidence of success, and USAID/DIV expects to learn from those projects that run into challenges. USAID/DIV will not fund basic scientific research or large engineering challenges. Instead, USAID/DIV's comparative advantage is its focus on innovations with direct application to the development practice.

More details can be found here: www.usaid.gov/div

1.1 Development Innovation Ventures

Development Innovation Ventures aims to further institutionalize USAID's grant-making process by which great ideas are conceptualized, developed, refined to meet real-world operational challenges, tested, and ultimately scaled up to change the world in fundamental ways. For example, microfinance grew to 75 million beneficiaries over 25 years. USAID/DIV expects faster growth for its most successful projects. Another example is USAID/Mexico and other partners' implementation and rigorous testing of a conditional cash transfer project that led to the expansion of the project in Mexico and the spread of similar conditional cash transfer projects to more than thirty countries. While

this is a social sector example, USAID/DIV encourages innovation in all sectors that impact the ability of people in developing countries to live healthy and productive lives, including economic growth, agriculture, anti-corruption activities, etc. USAID/DIV seeks to create not only new solutions to general development challenges but also new, more effective, financing and models for aid delivery.

USAID/DIV supports innovators by:

- Enabling external applicants to be partners in generating development solutions, rather than just implementation of development projects;
- Providing staged financing to support the process of developing and testing projects with the potential to significantly improve development outcomes, with the understanding that projects that fail will do so early and at a lower cost, reducing the risk exposure of USAID while projects that succeed will produce development outcomes more effectively and at a significant cost-savings;
- Developing, refining, and rigorously testing the impact of the ideas which prove most promising and can credibly replicate and scale to improve the lives of tens of millions of people in multiple countries;
- Focusing on rigorous measurement of to help USAID learn as much from high performing projects as those that run into challenges;
- Helping to transition to scale innovations for which there is either compelling evidence of a cost effective impact on the lives of beneficiaries that justifies the long-term use of public funds or a credible plan for long-run scaling using private funds without public support; and
- Valuing new partnerships which allow USAID investments to access and leverage the financial, staffing, ideas, expertise and distribution networks of others.

1.1.1 Innovative, Cost-Effective, Rigorously Tested and Scalable Solutions

USAID/DIV aims to identify, develop, test, and scale innovative approaches to achieve *cost-effective, scalable* approaches to development challenges that *correct market and government failures while accelerating promising solutions with a proven impact*. USAID/DIV is interested in new approaches that could generalize across multiple countries and, ideally, multiple sectors in developing countries.

USAID/DIV uses a Three Stage model. Successful projects are eligible to compete for funding at the next Stage, but such progression is not guaranteed. An applicant can submit a proposal for any Stage, regardless of whether the applicant has already received support from USAID/DIV for an earlier stage. Sustainable innovations will ultimately be expected to scale up outside of USAID/DIV, either by the private sector, the public sector (including host country governments and donors or civil society groups), or some combination thereof.

USAID/DIV innovations can include both new applications of technology and new service delivery practices that are expected to lead to transformative (as opposed to incremental) improvements to development outcomes. Innovations eligible for Stage 1 and Stage 2 support have not yet been rigorously tested at scale and innovations eligible for all 3 Stages currently are not standard development practice, even if they have been proven successful. However, this does not mean USAID/DIV will exclude novel variations on existing themes. USAID/DIV welcomes projects that find a new means to deliver an existing service or a new way to make an old model substantially more cost effective. Applications may be considered for ongoing projects or efforts provided they introduce a major new and innovative approach, dynamic, or element to the existing project.

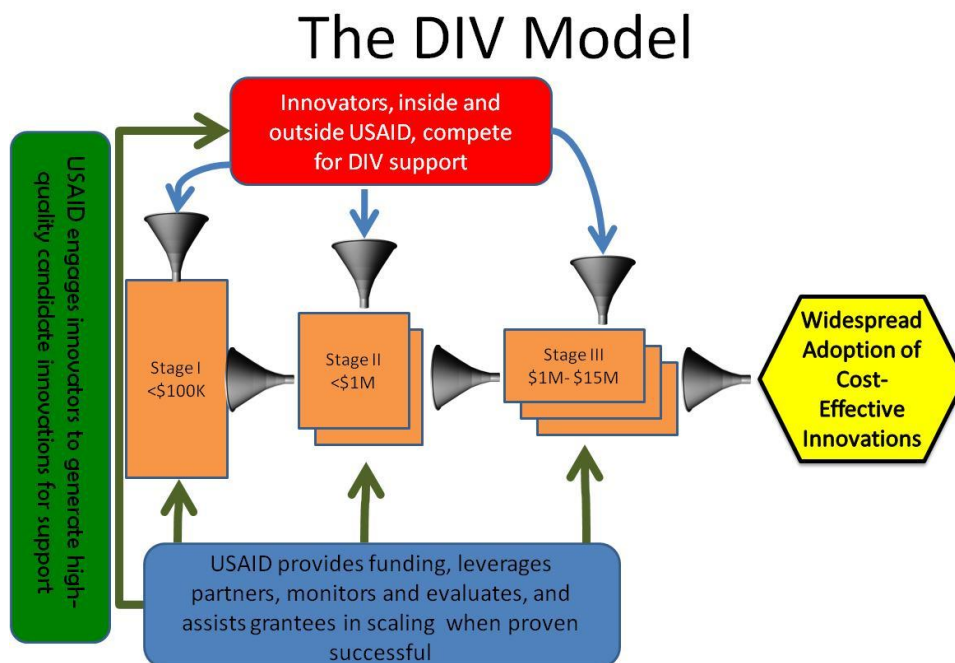
Successful innovations will have potential for cost-effectiveness, and rigorously gather evidence thereof. This means that applications that intend to scale via the public sector must propose a rigorous evaluation methodology, such as a randomized evaluation, to obtain a legitimate measure of development impact. Cost effectiveness will also be assessed. For some projects, such as those targeting improved agricultural productivity, cost-effectiveness can be assessed through cost-benefit or net present value calculations. For projects in other sectors, the application must include some means of assessing cost effectiveness. For example, a health application might use a cost per Disability Adjusted Life Year (DALY) metric, or a project designed to reduce school drop-out rates might use an estimated cost-benefit calculation based on rigorous estimates of the returns to education. In such cases, a short-run impact evaluation funded might examine only drop-out rates, but as part of later scale-up funding, the project will be expected to validate impacts on wages or achievement that were only estimated in the initial evaluation.

Successful innovations expected to achieve wide-spread adoption through private sector commercialization without long-run support from donors, governments, or philanthropy will provide evidence that: production costs and sales prices are such that producers make profits, beneficiaries demand and are willing to pay for the product or service, governments receive associated tax revenue, and development outcomes occur. For those innovations for which scaling by the private sector without long-run public support is planned, USAID/DIV will assess the case made by applicants for the potential of the innovation to improve the health, education, income, or empowerment, etc. of people in developing countries.

1.1.1 DIV Stages

Drawing inspiration from other product development enterprises, the Development Innovation Ventures will invest in a portfolio of projects at various stages of development. The Development Innovation Ventures will support: (Stage 1) the development needed to support proof of concept and feasibility; (Stage 2) implementing the project at large scale with rigorous impact testing; and (Stage 3) transitioning innovations to widespread adoption throughout one country and/or additional adoption in other countries. Finally, the most successful projects are expected to be mainstreamed around the world or at least throughout the continent. Figure 1 depicts USAID/DIV's approach.

Figure 1:



Further descriptions of the Stages are as follows:

Stage 1: Proof of Concept

The Development Innovation Ventures will provide Stage 1 funding to support projects to establish viability (i.e. technical, organization, distribution, financial, etc.), and customer adoption rates. These potential innovations will have to describe how and why they would likely be adopted within ten years or less by millions of people, including descriptions of personnel, architecture, and cost considerations. Direct impacts and viral adoption models are highly valued. This viral adoption could either be private sector driven with network effects, or through a process of spreading innovation among public sector entities. While having no strict ceiling, Stage 1 funds will typically not exceed approximately \$100,000 per project. Most Stage 1 projects will last up to one year. Only the most compelling proposals of those submitted will be selected.

Stage 2: Pilot and Impact Evaluation

Note: applicants can apply for Stage 2 funding even if their project was not submitted or funded by USAID/DIV for Stage 1. Stage 1 projects that have met their criteria for success will be able to submit competitive applications for Stage 2. **All Stage 2 applicants, whether or not having received a previous USAID/DIV award, will have to fully compete for Stage 2 funding.**

At this stage, activities include testing the innovations at scale production, launching and rigorously testing them to assess impact and benefits for people in developing countries. Rigorous testing should be done under conditions that allow a realistic assessment of how the approach would function at scale, and thus implementation funds and personnel per user should be at a level that could, with some modifications, be replicated in large scale distribution. Innovations will need to demonstrate cost-effective development impacts. They should be implemented at a scale that allows not only for statistical significance of tests of impact vs. no impact, but at a scale that would create confidence that measured impacts are not due to a “pilot effect” in which project success is dependent on a level of management input per user that cannot be scaled. Wherever possible, projects should aim for demonstration at a scale that is at a much larger scale than the proof of concept (i.e. district-level or region). Some innovations may require testing at various levels (local, regional, and across several regions); funds may be allocated to reflect the scope of testing as well as to build to scale. The initial scaling attempt should also include the architecture and other systems development that would allow it to scale further in Stage 3 and beyond. For innovations that would require on-going public support, rigorous impact measurement is a vital part of this stage as it ensures innovations are not promoted simply for their novelty but rather based on empirical evidence on their impact and cost effectiveness.

For those innovations for which the long-run planned scaling strategy is based on the private sector, without government support, there must be evidence for demand by low income clients in developing countries at a price sufficient to allow the innovation to be scaled without ongoing public support. Such projects should also make a prima facie case for the potential of the innovation to create social value, improve the health, education, income, or empowerment, etc. of people in developing countries. Successful business cases must also provide compelling rationale for the creation of social value.

There are some innovations that would be scaled by the public sector and display great potential but are impossible to subject to the most rigorous impact evaluations with a random assignment to treatment and comparison groups. Such projects will still be expected to include a monitoring and evaluation plan. USAID/DIV leadership will have limited flexibility to fund a limited number of projects that fall into this latter category each year. Exceptions will be granted by the selection committee on a case-by-case basis. Stage 2 funds projects will likely average around \$1 million per project but requests can be made at levels substantially below that. For most innovations, these funds will be spent over 2 - 3 years.

Stage 3: Transitioning Projects to Wide-Scale.

Note: applicants can apply for Stage 3 funding even if their project was not submitted or funded by USAID/DIV for Stage 1 or 2. All Stage 3 applicants, whether or not having received a Stage 1 or Stage 2 award, will have to fully compete for Stage 3 funding.

Proposals for Stage 3 must have credible and rigorous evidence of effectiveness from past implementation of projects at a smaller scale. Stage 2 projects that have met their criteria for success will be able to submit competitive applications for Stage 3 which is expected to be at a countrywide scale and beyond (i.e. reaching millions of beneficiaries). Innovation proposals that start at the Stage 3 level as well as proposals transitioning from Stage 2 will compete in the same selection process.

To receive Stage 3 funds, innovations will have to demonstrate scalability and sustainability at multi-country level via either the private or public sector. Scaling plans may vary across proposals, as some innovations may need to be introduced more gradually to several regions (especially in large countries with large populations) before being scaled-up nationally and internationally. In this stage, proposals should identify and address approaches and operational challenges for scaling—including the policy environment. This stage will involve in-depth and ongoing consultation with those who will ultimately scale up the project, including USAID bureaus, counterparts in country governments, other development agencies, and the private sector, to understand what would be needed for their organizations to achieve widespread adoption within a decade.

A typical Stage 3 project might initially aim to reach five million people across three countries. Stage 3 funds from USAID/DIV may range from \$1 million to \$15 million. It is anticipated that most competitive Stage 3 applications will leverage additional funding from other donors, investors, or other bureaus and missions in USAID. For most innovations, this phase will last three years. It should operate throughout at least one country along with planning or start-up development in at least two other countries.

Mainstreaming:

The final step for successful projects will be graduation: as USAID bureaus, host countries, the private sector, bilateral or multilateral development agencies, or others adopt interventions at scale, they will no longer require support from USAID/DIV. Mainstreaming will be a key metric of both innovation and USAID/DIV success.

Projects can come into the USAID/DIV portfolio at all stages described above. Projects that successfully complete in a prior USAID/DIV stage will be able to submit competitive applications for the following stage. USAID/DIV staff will work with grantees at all stages to develop and refine plans for achieving rapid, wide adoption. However, simply meeting the milestones will not automatically lead to funding at the next stage, due to the competitive nature of the process. About 10-20% of projects are anticipated to move from each stage to the next, though this may vary with the quality of the portfolio of projects. (Again, to be clear all applicants, whether not having received a previous USAID/DIV award, will have to fully compete for next-stage funding.)

Stages are determined by the content of the project, not by the funding required. For example, some Stage 2 impact evaluations may only require \$100,000 worth of funding. Furthermore, individual applicant projects may apply for multiple tranches of funding within any given stage, so long as total funding does not materially exceed the normative limit for that stage. Thus, for example, an applicant could initially apply for \$2 million in Stage 3 funding, and later apply and compete for an additional \$3 million in Stage 3 funding under a subsequent application. Applicants are encouraged to leverage other resources for the projects and the type, amount, and source should be described.

2 Annual Program Statement (APS) and Qualifying Criteria for Funding Support

USAID reserves the right to make multiple grants and/or cooperative agreements, or no awards at all, under this Annual Program Statement. USAID/DIV expects funding to continue under this APS in FY 2012 and beyond, although the actual number and amount of awards under this APS is subject to the availability of funds, as well as the interests

and requirements of Development Innovation Ventures and the viability of applications received.

To be considered for an award under this APS, each applicant should meet the following qualifying criteria:

2.1 Eligible Applicants

All applicants must be legally recognized organizational entities under applicable law.

The following list of potential innovation partners is not inclusive and is provided for illustrative purposes only. USAID/DIV welcomes applications from many types of organizations including foundations, U.S. and non-U.S. Non-Governmental Organizations (NGOs), faith-based organizations, U.S. and non-U.S. private businesses, business and trade associations, international organizations, U.S. and non-U.S. colleges and universities, civic groups, regional organizations, etc.

In addition, for the following groups the criteria below also apply:

- **U.S. and Non-U.S. Non-Profit Organizations:**
Qualified U.S. and non-U.S. private non-profit organizations may apply for USAID funding under this APS.
- **U.S. and Non-U.S. For-Profit Organizations:**
Potential for-profit applicants should note that USAID policy requires that USAID/DIV award funds may not be used for the payment of profits. Also, forgone profit does not qualify as cost-sharing or leveraging. However, if a prime recipient has a (sub)-contract with a for-profit organization for the acquisition of goods or services (i.e., if a buyer-seller relationship is created), fee/profit for the (sub)-contractor is authorized.
- **U.S. and Non-U.S. Colleges and Universities:**
Qualified U.S. and non-U.S. colleges and universities may apply for funding under this APS. USG and USAID regulations generally treat colleges and universities as NGOs, rather than governmental organization. Hence, both public and private colleges and universities are eligible.

Non-U.S. colleges and universities in countries that are ineligible for assistance under the FAA or related appropriations acts are ineligible.

Although cooperation, and endorsement of proposals by various units of USAID is encouraged, and collaboration with USAID units is expected during implementation, this APS is limited to applications from organizations outside of USAID. A parallel process is expected to be launched to solicit innovative solutions at all three stages from within USAID and will be launched soon.

2.2 General Criteria for Funding Support

2.2.1 Successful Applicant Profile

Successful Applicants will submit proposals that pay careful attention to the description of the Concept Papers/Full Applications and the evaluation criteria listed below. Applicants for Stages 2 and 3 should have experience working in developing countries. All applications must reflect an awareness of the context in which they grant project will take place or be adopted. It is expected that the bulk of work involved in successful applications will be based in developing countries.

Projects that can attract leverage from other partners in Stage 2 and particularly Stage 3 will be considered more favorably.

Successful applicants will be expected to spend time at USAID offices in Washington or in missions working with USAID staff. USAID/DIV staff will undertake to facilitate these interactions, allowing successful applicants access to the deep technical expertise within USAID. Applications that include a statement of support from a relevant USAID office or field mission, and / or from relevant agencies within the host country government, while not required, will be considered more favorably.

Although applications on all topics are welcome; examples of the types of innovations that USAID/DIV might support include:

- New tools for more effective agriculture extension, and testing for the most effective way to reach scale;
- New approaches to substantially increase the fraction of HIV pregnant women who are tested for the disease and treated to prevent maternal to child transmission;
- Solutions for monitoring police corruption;
- New methods to reduce absenteeism among frontline health and education workers;
- Systems to better allocate electricity during shortages;
- Testing proof of concept for a solar lighting system distributed by local entrepreneurs at a price/service point that induces wide adoption (ideally within both developing countries and the United States); and
- A rigorous evaluation for a larger scale innovative project that will itself be funded by other partners (e.g. a Ministry of a foreign government, a NGO, etc.) where the evaluation will demonstrate the magnitude of development outcomes and the cost-effectiveness of the project, and such evidence will help the project reach scale.
- Stage 2 or Stage 3 proposals that will bring to scale interventions that have already been proven cost-effective through rigorous impact evaluations, but that have not yet reached wide adoption. (See Annex 3 for examples)

2.2.2 Characteristics of Projects that are not well-suited for USAID/DIV Funding

There are many potential projects searching for resources that will lead to substantial outcomes. However, only a subset of these are a good fit for USAID/DIV's objectives. USAID/DIV understands that applicants' time is valuable, and thus wishes to clearly state not only the characteristics of applications that may be likely to receive funding (see above), but also to clearly state the characteristics of applications that are not well-suited for USAID/DIV consideration. Examples of activities that are not suitable include:

- Projects that are standard development practice. For example, standard practice would include new wells for villages, or more books for some schools
- Approaches that expect to achieve only incremental improvements as opposed to approaches expected to significantly increase development outcomes and/or reduce costs. For example, a minor modification to the practices of a health clinic, allowing the number of patients screened for HIV to increase from 25 to 28 per day.
- Approaches that are only applicable in a single country (unless the project is expected to scale to a very large proportion of the most populous countries in the world).
- Private sector proposals to expand businesses in developing countries that are unlikely to lead to significant development impacts. For example, support for a car dealership in Indonesia that is likely to be profitable, but will not have large scale development impact on the lives of the poor in Indonesia.
- A planning tool that is unlikely to have measurable direct impacts on beneficiaries.
- Projects whose only 'innovation' is to bundle a number of activities, where each of these activities are not innovative when standing alone, and little evidence is provided regarding the bundle's cost effectiveness. For example, an education project that combines developing curriculum, teacher training, parent training, textbooks, computer labs, etc. (Note that successful applications may be able to make a strong case for a cost-effective and innovative bundle of say 2 or 3 activities)
- Basic scientific or laboratory-intensive research in the natural sciences. This research is supported by other parts of the US Government, foundations, and other international entities.
- Approaches that are diagnostic in nature and attempt to examine many hypotheses, but that will not result in a tested innovation with a potential to scale. For example, a proposal that includes 10 potential types of new school curriculum, and an evaluation to see which specific version works better than the others.
- Theoretical and/or descriptive socio-economic research that pushes the boundaries of academia without also being linked to an innovation that has the potential to achieve development outcomes at scale.

3 Application Instructions, Review Process, and Evaluation Criteria

3.1 Application Instructions

Development Innovation Ventures has the authority and ability to invite applicants to submit an application for funding. Note page limits, as pages beyond the limits may not be considered. All submissions **must be submitted using the application forms** posted with this APS and should use 12 point Times New Roman or Ariel font with 1 inch margins. Citations should be provided for all evidence whenever possible, and assumptions used to generate estimates should be clearly explained in footnotes.

3.1.1 Concept Papers

Concept Papers should not exceed ten (10) pages (including the cover page and the metadata page but not the supplemental information). Rough word count limits are given for individual questions. For Stage 1 applications, the Concept Paper and its attachments will be the only application documents required. Stage 2 and 3 applicants may submit a Concept Paper and wait to be invited (or not) by USAID/DIV to submit a Full Application as set forth in the next section (such applicants will still be competing within the same review round). Alternatively, Stage 2 and 3 applicants may elect to forego the Concept Paper and submit only the Full Application.

Note: USAID/DIV will review all applications and may engage the applicant for clarifications or further information as needed.

The concept paper should contain:

Cover Page:

- Name and address of organization
- Type of organization (e.g., for-profit, non-profit, university, etc.)
- Primary point of contact (lead contact name; relevant telephone, and e-mail information). Regional or multi-country applications should provide the name of at least one local partner for each country targeted in the project
- Signature of authorized representative of the applicant

Metadata:

- Provide the following data: a concise title; organization; USAID/DIV Stage (1, 2 or 3); additional partners (and their locations); total amount of funding requested; amount of funding requested in the first year; expected months of project duration; the expected dollar amount of leverage, cost-share, or in kind contributions from the implementing organization and partners; names and organizations of key personnel; expected months of project duration; country

(countries) where project will take place; project sector (i.e.: health, food security, education, rural energy, etc.); names of other organizations to whom you have also submitted an application; if the applicant has applied to USAID/DIV in a past round and the dates of application; if the applicant has already received USAID/DIV funding for an earlier Stage; if the applicant has received funding from USAID in the past; and if the applicant has received any USG funding for this or a similar project.

Technical Narrative:

- **Executive Summary:** Cover the key points from the topics below in roughly 300 words. Please note that this paragraph may be shared with reviewers and in the case of finalists, posted on the internet. (In the event that the Executive Summary includes proprietary information, please mark such sentences in red italic font, and provide a second version of the Executive Summary that can be made public.).
- **Development Challenge and Expected Outcomes:** Provide a short statement of the development challenge (market or government failure or externality) that the proposed innovation will address, the objective of the proposed project, and its importance relative to other problems in that area. Describe the benefit streams and expected magnitudes of the development outcomes.
- **Innovative Solution within the Competitive Landscape:** Provide a short explanation about why the proposed project is innovative, i.e., is dramatically differentiated from the normal practices in the field. Provide evidence of the results of any initial proof of concept/pilots. Provide a brief description of the competing technologies, organizations, or processes that are currently being used or are developing products or methods to address the same development outcomes. Describe this technical approach's comparative advantages and disadvantages relative to alternative solutions, including cost effectiveness and prices. Applicants under this APS must present alternative solutions to the core development challenge addressed, especially those supported by USAID projects, and present the proposed intervention as a cost-effective and viable alternative.
- **Business Plan:** For projects that seek to scale through the private sector, provide a description of the total market potential, the relevant geographic location, the targeted market segment(s), sales forecasts, and the distribution or implementation channel. Often USAID/DIV will seek a break-even quantity of sales that would be needed at a particular price to cover costs.
- **Scaling Plan:** Provide a clear and compelling explanation of how the proposed project can scale to millions of end-users within 10 years. Describe the model that will be used for effective and efficient distribution (for example, viral adoption models). Forecast numbers of clients/beneficiaries in 2, 5 and 10 years.
 - For applications that seek to scale through the private sector, describe the innovation's value proposition, including, but not necessarily requiring, the potential for competitive pricing
 - For applications that seek to scale through the public or civil sectors, provide a segmented description of the beneficiary population, the potential adopter of the innovation (for instance, a host government

- ministry or NGO), and a credible means to rigorously estimate cost effectiveness (see Evaluation Methodology below).
 - Applications that seek to scale through the private and public sectors should address both sets of criteria.
- **Evaluation Methodology:** USAID Evaluation Policy requires that evaluation methodology be integrated into project design. Describe what data you propose to use to measure the social and economic benefits created by the innovation. Describe the draft Performance Management Plan, including the indicators that will be used to monitor the performance of the project and reported every quarter, how these data will be collected, and the relevant baseline and target values for project-end or treatment and comparison groups. Identify which data will be reported quarterly and which at the project-end evaluation. The more rigorous the evaluation method, the better.
 - For Stage 1: describe how the success or failure of the seed project will be evaluated.
 - For Stage 2 and 3 innovations expected to eventually scale through public funding, provide a credible plan to rigorously test the effectiveness and social benefit of the innovation for beneficiaries relative to a comparison group.
- **Key Personnel:** Describe relevant domain knowledge and experience, any background in developing nations, track record of professional success relevant to the proposal and its applicability to the project objective.
- **Leverage:**
 - Proposed amount of the applicant's financial as well as in-kind participation (clearly identify which resources are cash and which are in-kind and provide information on the nature of the in-kind contributions)
 - Proposed amount of prospective or existing partner's (or partners') committed financial as well as in-kind participation
 - Describe any and all USG funding (source and amount) this project has already received is receiving currently, and any other USG funding applicant are currently seeking or applying for.
 - Describe any other USG funding you received that this project significantly leverages (e.g. if the project seeks to adapt for development purposes a technology the applicant has developed with government funding, please describe that prior government funding).
- **Other:**
 - Describe roles and responsibilities of any partners.
 - Describe both past (if any) and planned interaction with USAID staff while implementing the project. If possible, include a corresponding letter of endorsement.
 - Note any risks to success and plans to mitigate them.
 - If any external factors (e.g. rainy seasons, upcoming elections) make the award decision especially time sensitive, please describe these factors, their influences on the success of the project, and key dates. Also note that the application is time sensitive in the metadata section. Attempts to

overstress time sensitivity where none exists will be considered unfavorably.

- Analyze the project's gender-disaggregated expected outcomes. *See section 6.2*
- Environmental safeguards: Provide a brief description of known and expected environmental impacts (land, water, air, wildlife, health, plants, endangered species, etc.). Describe mitigation measures, if any, and include them in the budget. *See section 6.3*

Supplemental Information:

- Proposed high-level project implementation schedule (preferably in a Gantt chart).
- Cost application including costs of major line items by year of implementation, and a brief description of major line items. *See section 3.2.3*
- Past performance references, *see section 3.2.2*
- A letter of intent from any existing resource or implementation partners, including from the host country government and private sector partners, where applicable.

3.1.2 Full Applications

USAID/DIV may ask applicants that submitted promising Stage 2 and 3 concept papers to submit a full application as set forth below. It is understood that there may be significant revisions to the full application, and minor revisions to the budget, between the concept paper and the full application.

The full application is not to exceed 20 pages (including the cover page and application form but not including the supplemental materials), and attachments should not exceed 15 pages. All Stage 2 and Stage 3 full applications should contain the information required for the Concept Papers including substantially more detail for each section listed above, as noted below:

- **Table of contents:** List all page numbers and attachments
- **Detailed Business Plan:** Describe: market analysis (target segments and total addressable market, evidence of uptake/demand for your products/services, willingness to pay, trends), pricing (including component parts), costs (start up and long run for capital, production, distribution, maintenance, replacement, marketing, taxes, etc.), prices and costs of competitors/alternative solutions to the development plan, quality, sales forecasts, outreach/promotion strategy, operation plan (staff, equipment, supply chain management, etc.), distribution/adoption channels, resource plan for supporting and serving the innovation in the field, financial plan (projected profit and loss, cash flow, balance sheet, competitive pricing calculations (i.e. break even)), plan for continuously evaluating success and taking corrective actions, threats and how they will be overcome, regulatory issues and an estimate of the expected return on investment.

- Those projects expected to scale through the private sector should provide the details listed in the above bullet.
 - All other projects should provide as many related details as possible.
- **Detailed Scaling Plan:** Provide additional details and evidence relative to the Scaling Plan in the Concept paper. Describe manufacturing plan/software architecture that will ensure the ability to scale. Stage 3 proposals should include a credible plan to demonstrate the innovation at scale in at least two countries or widespread in the largest countries.
 - For applications that seek to scale through the private sector, describe how and when the production breakeven point will be reached such that public sector support will no longer be required.
 - For applications that seek to scale through the public sector, describe how costs will be shared among the public sector, beneficiaries, and other partners, in the event that the rigorous evaluation demonstrates that public sector support is cost-effective. Describe expected exit strategy for USAID/DIV.
- **Detailed Evaluation Methodology:** Provide additional details regarding the monitoring and evaluation plan. The more rigorous the evaluation method, the better.
 - For Stage 2 and 3 innovations that are expected to eventually scale through public funding, provide more details regarding the rigorous method that will be used to evaluate project impacts on beneficiaries relative to a comparison group.
- **Role of USAID:** Describe anticipated role of USAID, if any. This may include facilities, equipment, material, or personnel resources, as well as acting as a connector/network node, utilizing convening power, providing expert knowledge, etc.
- **Detailed Staffing Plan:** Describe roles, responsibilities and expected Level of Effort. Include an organization chart. Demonstrate that the team includes extensive management experience in complex settings, and capacity to attract support from policy-makers or private sector actors
- **Detailed Description of Partnerships and Additional Resources:** Describe partners and their expected roles, including partner and other resources brought to bear. List other past and pending requests for financing from other sources.
 - For projects that expect to scale via the private sector, the applicant should describe why they haven't been able to raise sufficient financing and capital from private sector sources.
- **Detailed Budget and Financial Plan:** Complete Standard Form SF-424 and supporting narrative; see <http://apply07.grants.gov/apply/forms/sample/SF424A-V1.0.pdf>: No page limit. Provide major line items, identification of funding source (i.e., by partner) for each, and a break down by project year. Finally provide a narrative of how the resources will be used, including justification of all costs based on fairness and reasonability as well as whether they match the project (Stage 1 applications only need a brief description of costs). Also see section 3.2.3
- **Brief description of plan for joint communication/branding.**

In addition to the above, the application should include as attachments:

- If possible, include a corresponding letter of endorsement from the relevant USAID mission
- Curriculum vitae for all staff

3.2 Evaluation Criteria for Application Review

Development Innovation Ventures is responsible for the review of applications. The evaluation criteria for Stage 1, 2, and 3 applications are listed below:

3.2.1 Evaluation Criteria:

- (Most Important Criterion) The degree to which the quality, analytical rigor and relevance of the technical proposal demonstrates that the proposed project's a) **innovativeness**, b) likelihood of achieving significant long-term **cost-effectiveness** in addressing the underlying development challenge, and c) **potential to reach scale** such that it will be transformative for tens of millions of people in developing countries.
- (Second Most Important Criterion) Depth and breadth of talent and experience of key project personnel. (Note that professional success will be assessed relative to the stage of the applicant's career. See section 3.2.2)
- (Third Most Important Criterion) The degree to which new resources (including in-kind) from applicant and other partners are leveraged.

Across all three stages, USAID/DIV will seek to select projects across a wide range of technical and regional areas. USAID/DIV reserves the right to make selection decisions in such manner that its portfolio of grants is balanced across sectors, countries, and awardees. The amount of USAID/DIV funding available for each round of competition will also be taken into consideration. Proposals' gender analysis will also be considered (Note: proposals that expect similar outcomes for men and women will be as competitive as those that explicitly target a gender issue).

3.2.2 Evaluation of Past Performance References

USAID/DIV will review past performance references to evaluate the extent to which the applicant demonstrates the successful implementation of other projects similar in magnitude, complexity, objectives and contexts.

Despite the presence of this evaluation criterion, newer organizations and applicants with little or no prior related grant awards are highly encouraged to apply for USAID/DIV awards and are eligible for consideration, notwithstanding a lack of past performance references. USAID reserves the right to obtain past performance information from all relevant sources, including those not named in applicant's proposal.

When past performance information is present, applicants shall furnish award numbers and other details with contact information for two or three similar projects funded over the past three years by USAID, or any other government entity or third party source. The details shall include the following: name of the organization or agency which funded the project(s), award number, point of contact's name, mailing address, email address and phone number, and the overall dollar value of the project.

3.2.3 Cost Application

The cost application allocates sufficient and appropriate funding for all elements of project implementation and activities. It maximizes the allocation of resources for project activities, including capacity building, as appropriate.

The cost application section must not exceed five pages plus specified attachments, and must include the following:

a. Cost Application and Cost Application Narrative: The cost application shall clearly show how funds will be used to support the activities proposed in the application's Technical Narrative. The cost application shall display unit costs (if applicable) and costs by year and shall include sub-cost applications for each component. Suggested line items include, but are not limited to, the following: personnel, fringe benefits, office rent, utilities, equipment, communications, local travel, and sub-grants. The Cost Application Narrative must explain all costs – and the basis of those costs – contained in the Cost Application.

USAID encourages prospective partners to focus resources in project implementation rather than salaries, equipment and supplies. The cost and cost application aspects of applications will be **reviewed for cost realism and cost effectiveness** in accordance with the evaluation criteria.

- SF 424, 424A, and 424B (excluded from the ten-page limit) should be signed by the applicant and submitted as an electronic file:
 - SF-424, Application for Federal Assistance
 - SF-424A, Cost application Information – Non-Construction Programs
 - SF-424B, Assurances – Non-Construction Programs

A link to these forms can also be found at
<http://apply07.grants.gov/apply/FormLinks?family=16>

- The breakdown of all costs to each partner organization involved in the project.
- The breakdown of all financial and in-kind cost share, if any, of all organizations involved in implementing the proposed activities.
- Potential contributions of non-USAID or private sector donors to the proposed activities.
- Signed Assurances, Certifications, and Other Statements, provided as Attachment 4 to this APS, must be provided within the Cost Application electronic file. These pages will not count against the ten-page limit.

b. The following optional attachments do not count against the page limit:

(1) Supporting data/documentation of the various proposed costs, if any.

(2) Joint Venture/Partnership agreements or drafts: If the applicant is a joint venture or partnership, the application should clearly identify the lead organization. The financial plan must include a copy of the agreement between the parties to the joint venture/partnership and an explanation of the proposed accounting system to be utilized post-award. The agreement and/or accounting system explanation should be included as an annex to the application which will not be counted against the page limit.

The agreement shall include a full discussion of the relationship between the firms, including: which firm will have responsibility for negotiation of the award; which firm will have accounting responsibility; how work will be allocated, overhead calculated (note that fee/profit is specifically prohibited), and the express agreement of the principals thereto to be held jointly and severally liable for the acts or omissions of the other.

4 Submission Instructions, Deadlines and Selection Process

Note: USAID/DIV reserves the right to refer any potential applicant to this APS, as well as to invite specific applicants to submit an application for funding under this APS. However, an invitation to submit any application does not constitute an award. USAID/DIV may choose to not fund applications even after they have been requested.

4.1 Submission Instructions

All applications must be in English and submitted electronically (MS Word or searchable PDF, not scanned) to the Agreement Specialist at DIVApplications@usaid.gov

Although applications are not required to be submitted through Grants.gov, applicant registration facilitates obtaining a DUNS number and registering with the U.S. Government's Central Contractor Registry. Note that registration through the Central Contractor Registry (CCR) is not required to apply to USAID/DIV, but will be required for any awardee to receive any funding from the United States Government. US Private Voluntary Organizations (PVOs) must be registered as PVOs under 22 CFR 203.¹

It is the applicant's responsibility to ensure that files are complete and transmitted by the deadline. USAID bears no responsibility for data errors or omissions. USAID may accept applications past the deadline due to transmission difficulties that are not the fault of, or within the control of, the applicant with the approval of the USAID Agreement Officer.

So that proposals can be stored electronically and include only searchable text, facsimile and scanned proposal submissions will not be accepted without advance approval of the Agreement Officer.

4.2 Application Submission Deadline

While this APS is open for one year from the date of issuance, USAID plans to review applications periodically during the course of that year, in batches. Applications may be submitted at any time, and will be reviewed in a competitive process that will be initiated on the following closing dates: applicants for FY11 funds will be reviewed based on tentative closing dates of July 15 and October 15, 2011. Any applications submitted after closing of a particular review window may be held over by USAID/DIV for consideration for funding in the following review window. USAID/DIV plan to announce expected FY12 closing dates in early October 2011. Potential applicants are directed to grants.gov and www.usaid.gov/div in order to keep updated on closing dates, as this document will not necessarily be revised.

This APS schedule is fully amendable, e.g. to establish different closing dates, evaluation periods, or award dates, without limitation. In addition, evaluation criteria and requirements may be amended at any time, except that due notice of any revisions will be provided and applicants will be given a fair and equal opportunity to apply, or to reapply, against materially new standards, criteria or instructions.

Note that applications that make a strong case that they are time sensitive (e.g. due to rainy seasons, upcoming elections, implementing schedules of partners, etc.) may be fast-tracked, although USAID cannot guarantee this will occur.

¹ Applicants may determine if they meet the definition for a PVO and, if so, find registration instructions at the following address: http://www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/reg.html

4.3 The Application Submission and Selection Process:

USAID reserves the right to accept concept notes, invite full applications, and ask questions of applicants at any point during the APS solicitation. Applications may be held for review for the entire term of the APS.

If the concept note describes a Stage 2 or 3 proposal, USAID may recommend that the applicant submit a full proposal. The applicant will have several weeks to submit the full proposal from notification of the acceptance of a concept note. *Note: An invitation to submit a full application does not constitute an award. USAID may choose to not fund applications even after they have been requested.*

4.3.1 Selection Process

The DIV proposal review is a several-tiered process. Applications are reviewed by panels for technical soundness and evaluated relative to the selection criteria established in this APS. Applicants are ranked into a short list of finalists. DIV then selects the proposals that will be recommended for awards. Finally, an environmental screening and other due diligence occur before funding can be awarded.

USAID retains the right to solicit expert technical reviews outside of USAID/DIV provided the reviewers are briefed by the Assistance Officer and sign a form regarding confidentiality and nondisclosure, intellectual property rights that protect proprietary information, and recusal if there is potential for conflict of interest. Reviewers may include other U.S. Government personnel or non-U.S. government personnel. Such reviewers are legally bound to rules that prohibit conflicts of interest or use of information for personal gain of any kind; if they have an existing conflict of interest, they must recuse themselves and not participate in a particular review or review round. Applicants who wish to review USAID's procedures or forms or who have further question should contact the Agreement Officer

USAID/DIV reserves the right to pose clarifying questions to and conduct discussions with some, all, or none of the applicants during the selection process as determined by the Agreement Specialist. USAID may request applicants for larger awards conduct a videoconference or travel to AID/Washington at their own expense to present their proposal. Applicants will be given advance notice of this requirement. Those with pending applications who do not receive such an invitation should not contact USAID/DIV to attempt to schedule a presentation. Applicants are responsible for explicitly noting that they have a pending application to USAID/DIV in any communications with USAID regarding their proposal or any of their other projects.

In addition, applicants should note there may be special focus areas, or APS application "windows" that are opened for competition in the course of this APS, for example in USAID initiative areas, specific countries such as Haiti, or specific topics/sectors such as

Food Security or Water, Sanitation and Hygiene. Such windows will be opened by way of addenda to this APS, which will be posted on www.grants.gov and www.usaid.gov/div. Applicants can submit proposals to the “core” APS and/or a special window for which the proposal is eligible. Meanwhile, USAID/DIV retains the right to evaluate any core applicant under a special window, or any special window applicant under the core APS

4.3.2 Timelines and Notification

Submission and review timelines will be posted at grants.gov for applicants to prepare and submit their applications for timely review during the APS period. USAID/DIV reserves the right to adjust these timelines as the number of applicants and other scheduling factors may require.

USAID/DIV staff are responsible for the application review process and management of the award process. It can take up to six months or longer for organizations to be notified of the status of their applications. Applicants will be notified when their application is given the following status:

- a. that they are recommended for funding (subject to availability), or
- b. that the panel will solicit additional information from the applicant and the proposal will be held to compete in the next round of funding, Applicants who have been notified that their applications fall in this category are welcome to fully resubmit their proposals, but this is not required
- c. that the application has not been recommended for funding.

Applicants are responsible to disclose any pending applications to USAID/DIV in any communications with USAID while the APS is open or a decision on their application is still pending.

5 Award and Administration Information

All potential applicants should refer to USAID Automated Directives System Chapter 303 (www.usaid.gov/policy/ads/300/303.pdf) for governing regulations, standard provisions, and required certifications that will need to be submitted by applicants at a later time prior to award. Note that USAID-financed projects and activities must comply with USAID’s environmental procedures set forth at 22 CFR 216.

An award shall be made only by the USAID Agreement Officer upon his/her signature to incur costs. He/she will only do so after making a positive responsibility determination that the applicant possesses, or has the ability to obtain, the necessary management competence in planning and carrying out assistance projects and that it will practice mutually agreed upon methods of accountability for funds and other assets provided by USAID.

USAID awards, although often contemplating projects that span many years, are always made on condition of availability of USAID funding. Award letters will state that USAID has an intention to fund the project for its duration (12 to 18 months at a time for up to 3 years), subject to the continued availability of Congressionally-appropriated funds.

USAID may decide to amend grant agreements to account for cost overruns and delays due to the following processes. However, such amendments would be for minimal amounts and are unlikely to occur.

5.1.1 Pre-award Surveys

For organizations that are new to working with USAID or for organizations with outstanding audit findings, USAID may perform a pre-award survey to assess the applicant's management and financial capabilities. If notified by USAID that a pre-award survey is necessary, applicants must prepare, in advance, the required information and documents. Please note that a pre-award survey does not commit USAID to make any award.

5.1.2 Post-award Reporting

(1) NGOs

Project reporting requirements shall be in accordance with 22 CFR 226.51 and as agreed with USAID prior to project implementation.

(2) Public International Organizations (PIOs)

Programmatic reporting requirements shall be in accordance with the recipient's standard reporting prepared for all donors, unless USAID is the sole contributor to a trust fund established by the PIO (see 2.5 above), in which case, USAID may require the same reporting requirements as for NGOs (see preceding paragraph above).

(3) Financial & Project Reporting

Financial reporting will depend on the payment provisions of the award, which cannot be determined until after the successful applicant(s) is/are selected.

Quarterly project performance reports will be due 30 days after each reporting period. The final report will be due not later than 90 days after the expiration of the agreement.

Relevant Documentation

Resulting awards to U.S. non-governmental organizations will be administered in accordance with Chapter 303 of USAID's Automated Directives System (ADS-303), 22 CFR 226, 2 CFR 220 for universities (formerly OMB Circular A-21), 2 CFR 230 for non-profit organizations (formerly OMB Circular A-122), and OMB Circular A-133 for both universities and non-profit organizations or 48 CFR 31.2 (for for-profit organizations), and Standard Provisions for U.S. Nongovernmental Organizations.

These policies and federal regulations are available at the following web sites:

- ADS-303:
<http://www.usaid.gov/policy/ads/300/303.doc>
- 22 CFR 226:
http://www.access.gpo.gov/nara/cfr/waisidx_03/22cfr226_03.html
- Applicable OMB Circulars
<http://www.whitehouse.gov/omb/circulars/index.html>
- 48 CFR 31.2:
<http://www.arnet.gov/far/>
- Standard Provisions for U.S. Nongovernmental Organizations:
<http://www.usaid.gov/pubs/ads/300/303maa.pdf>

Resulting awards to non-U.S. non-governmental organizations will be administered in accordance with Chapter 303 of USAID's Automated Directives System (ADS-303), 2 CFR 220 for universities (formerly OMB Circular A-21), 2 CFR 230 for non-profit organizations (formerly OMB Circular A-122), or 48 CFR 31.2 (for for-profit organizations), and Standard Provisions for non-U.S. Nongovernmental Organizations. Standard Provisions for Non-U.S. Nongovernmental organizations are available at <http://www.usaid.gov/policy/ads/300/303mab.doc>.

Resulting awards to public international organizations will be administered in accordance with Chapter 308 of USAID's ADS (ADS-308), including the Standard Provisions set forth in ADS-308.5.15.

These documents are available for further information:

- ADS-308
<http://www.usaid.gov/policy/ads/300/308.pdf>
- Survey on Ensuring Equal Opportunity for Applicants
<http://www.ed.gov/fund/grant/apply/appforms/surveyeo.pdf>
SF-424 Cost application/Cost Application Documents
http://www.grants.gov/agencies/approved_standard_forms.jsp.

5.1.3 Anticipated Number of Awards

USAID plans to make multiple awards under this APS, subject to the availability of funds. Nevertheless, USAID reserves the right to make a single award, to fund parts of applications, or not to make any awards at all. Issuance of this APS does not constitute an award commitment on the part of the U.S. Government, nor does it commit the U.S. Government to pay for any costs incurred in the preparation and submission of any application.

5.1.4 Type of Award(s)/Substantial Involvement

USAID anticipates that a grant(s) or cooperative agreement (s) will be awarded as a result of this APS, where USAID will determine the type of award on a case by case basis.

Depending on the application(s) that is/are received and selected, USAID may decide to be substantially involved in the implementation of the project, and therefore award a cooperative agreement(s) instead of a grant(s), following a determination that the applicant organizations and/or individuals exhibit fiscal responsibility, character, and integrity. The extent of and approach to the due diligence will vary, depending upon the situation and the potential grantees.

The applicant will operate in accordance with the terms and conditions of the grant or cooperative agreement. Applicants will likely be responsible for the following activities and documentation during the life of the project:

- Conducting ongoing assessment of progress and a final evaluation, and submitting regular reports according to the requirements outlined in the award;
 - Applicants should anticipate proposing a quarterly performance monitoring plan, using established baseline data. Output and development outcome indicators and targets will be agreed upon and measured and reported on periodically.
 - Cooperating with key USAID staff to facilitate rigorous project evaluations;
 - A final report will include an estimation of the return on investment, including assumptions and citations of evidence.
 - Reports or parts of reports may be made public.
- Providing financial reports in accordance with the requirements of the formal agreement between USAID and the successful applicant,
- Requesting approval for any changes in project objectives;
- Notifying USAID when receiving additional funding from another source for this or any related project.
- Briefing USAID personnel in Washington and in the field on project progress and outcomes;
- Compliance with USAID branding requirements, and;
- Mutual agreement on any additional provisions.

Cooperative agreements are identical to grants except that USAID may be substantially involved in one or more of the following areas:

- (1) USAID approval of the recipient's implementation plans (limited to not more frequently than annually);
- (2) USAID approval of specified key personnel (limited to 5 positions or 5% of the recipient's total team size, whichever is greater);
- (3) USAID and recipient collaboration or joint participation which includes one or more of the following:
 - a. Collaborative involvement of selection of advisory committee members (USAID may also choose to become a member), if applicable;
 - b. USAID concurrence on the selection of sub-award recipients and/or the substantive technical/programmatic provisions of sub-awards;

- c. USAID collaboration on development and refinement of project's plans for reaching scale.
- d. USAID collaboration on joint communication/branding plan.
- e. USAID authority to immediately halt a construction project, if applicable.

Upon award, an Agreement Officer's Technical Representative (AOTR) shall be appointed by the Agreement Officer to provide technical and administrative oversight of the specific award.

5.1.5 Project Income

(1) NGOs

If the successful applicant(s) is/are a non-profit organization, any project income generated under the award(s) will be **added to** USAID funding (and any cost-sharing that may be provided), and used for project purposes. However, pursuant to 22 CFR 226.82, if the successful applicant is a for-profit organization, any project income generated under the award(s) will be **deducted from** the total project cost to determine the amount of USAID funding. Project income will be subject to 22 CFR 226.24 for U.S. NGOs or the standard provision entitled "Program Income" for non-U.S. NGOs.

(2) PIOs

If the successful applicant(s) is/are a PIO, any project income generated under the award(s) will be **added to** USAID funding (and any non-USAID funding that may be provided) and used for program purposes.

Project Property

Grant recipients may retain the entire right, title, and interest throughout the world to any invention or other intellectual property conceived or first reduced to practice in the performance of work under the grant. The U.S. Government in turn shall have a non-exclusive, non-transferable, irrevocable, paid-up license to the invention or other intellectual property for U.S. Government purposes throughout the world.

5.1.6 Authorized Geographic Code

(1) NGOs

USAID's rules for the source, origin, and componentry of goods (other than "restricted goods," as described in ADS 312 [<http://www.usaid.gov/policy/ads/300/312.pdf>]), and the nationality of suppliers of goods and services (other than delivery services, as described in ADS 314 [<http://www.usaid.gov/policy/ads/300/314.pdf>]), which are financed by USAID and procured by the recipient under the award(s) resulting from this APS, are set forth in 22 CFR 228 (http://www.access.gpo.gov/nara/cfr/waisidx_08/22cfr228_08.html). These rules do not apply to procurement by the recipient with cost-sharing or program income funds. Except as authorized under USAID's "Local Procurement"

rules (see 22 CFR 228.40), applicants should assume the authorized geographic code (see 22 CFR 228.1) for the award(s) resulting from this APS is 000, subject to revision depending on the successful applications that are selected. For this reason, applicants should justify the rationale for the purchase of any non-U.S. good and services in their applications.

(2) PIOs

Please note that USAID's procurement rules do not apply to awards to PIOs unless USAID is the sole contributor to a trust fund established by the PIO. If USAID is the sole contributor, the same rules, as prescribed in subparagraph (a) above for NGOs, will apply.

6 Other Considerations

6.1 Evaluation

USAID/DIV adheres to a model of rigorous evaluation of project results that informs future scaling decisions through evidence-based solutions to core development challenges. In keeping with this model, USAID/DIV will comply with the provisions of the USAID Bureau for Policy, Planning, and Learning's Evaluation Policy document published on January 19th, 2011

(http://www.usaid.gov/evaluation/USAID_EVALUATION_POLICY.pdf?020911).

While not all provisions may be applicable to the smaller grants awarded under this APS, USAID/DIV requests that its applicants adhere to USAID Evaluation Policy with special attention to the "Evaluations of innovative development interventions" section (ADS 203.3.6.1). A draft Performance Management Plan should be included in the Evaluation Methodology section of the full proposal. The Agreement Specialist will negotiate the components of the Performance Management Plan with successful applicants. Please be aware that evaluation results may become public and must be stored in a searchable, internal USAID database. Finally, applicants should also be aware that USAID/DIV may conduct external evaluations of project results through a third party partner, contractor, or grantee to confirm development impacts and the proper stewardship of public funds. Further information and reporting requirements are available in ADS Chapter 203 (<http://www.usaid.gov/policy/ads/200/203.pdf>).² In addition to complying with these provisions, USAID/DIV applicants are more likely to be selected if they incorporate rigorous impact evaluation methods, such as utilizing randomly selected treatment and comparison groups.

² Requirements for Performance Management Plans are listed in ADS 203.3.3, available at <http://www.usaid.gov/policy/ads/200/203.pdf>. They must answer the question "what do you expect to achieve over the life of the project?" and "how do you intend to measure your performance?" Please be aware that Performance Management Plans are required for all innovative projects of any size, including pilots and proof of concepts.

6.2 Gender Analysis (ADS 201.3.9.3) (Effective Date: 11/5/2009)

³ Gender issues are central to the achievement of strategic plans and Assistance Objectives (AO) and USAID strives to promote gender equality, in which both men and women have equal opportunity to benefit from and contribute to economic, social, cultural, and political development; enjoy socially valued resources and rewards; and realize their human rights. Accordingly, USAID planning in the development of strategic plans and AOs must take into account gender roles and relationships. Gender analysis can help guide long term planning and ensure desired results are achieved. However, gender is not a separate topic to be analyzed and reported on in isolation. USAID's gender integration approach requires that gender analysis be applied to the range of technical issues that are considered in the development of strategic plans, AOs, and projects/activities.

6.2.1 Gender Issues

ADS 303.3.6.3 requires that USAID must address gender issues in all USAID-funded activities (see ADS 201.3.11.6). In RFAs (including those for Leader/Associate Awards) and APSs, the Agreement Officer must ensure that the RFA or APS.

- Integrates gender issues into the solicitation or includes a rationale for not addressing gender in the project or activity, in accordance with ADS 201.3.11.6. When USAID directs applicants to incorporate gender issues into their applications, the RFA or APS must state the requirements in the different performance components, e.g., Program Description, key personnel qualifications, and monitoring and evaluation requirements.
- Integrates gender issues into the technical selection criteria (e.g., technical understanding and approach, monitoring and evaluation, personnel, etc.) that correspond to the performance requirements stated above, unless an approved rationale for not incorporating gender issues has been included in the RFA or APS.

ADS 201.3.9.3 (Gender Analysis) now requires that appropriate gender analysis be applied to a range of technical issues in the development of a strategic plan, AOs, and activities. Conclusions of any gender analysis performed must be documented at the approval stage for country strategic plans, AOs, and projects/activities.

ADS 201.3.11.6 (Project/Activity Planning Step 2: Conduct Project-Level Analyses as needed) indicates that projects and activities must address gender issues. The conclusion

³ Note: Gender is a social construct that refers to relations between the sexes, based on their relative roles. It encompasses the economic, political, and socio-cultural attributes, constraints, and opportunities associated with being male or female. As a social construct, gender varies across cultures, and is dynamic and open to change over time.

of any gender analyses must be documented in the Activity Approval Document. If the AO Team determines that gender is not a significant issue, this now must be stated in the Activity Approval Document. Gender-related findings must be integrated into the Statement of Work or the Program Description in solicitations. AO Teams must ensure that potential implementers are capable of addressing the gender concerns identified in solicitations.

ADS 203.3.4.3 (Reflecting Gender Issues in Performance Indicators) requires that performance management and evaluation must include gender-sensitive indicators and sex-disaggregated data.

For more information on developing indicators, including gender-sensitive indicators, please see the following reference:

- ADS Chapter 203: Assessing and Learning (<http://www.usaid.gov/policy/ads/200/203.pdf>)
- ADS 201.3.9.3 “Gender Considerations” (<http://www.usaid.gov/policy/ads/200/201.pdf>)
- ADS 201.3.11.6 “Project/Activity Planning Step 2: Conduct Project-level Analysis as Needed” (<http://www.usaid.gov/policy/ads/200/201.pdf>)

6.3 Environmental Protection and Compliance

The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID’s activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development projects. This mandate is codified in the Code of Federal Regulations (22 CFR 216) and in USAID’s Automated Directives System (ADS) Parts 201.5.10g and 204 (<http://www.usaid.gov/policy/ads/200/>) which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities. In addition, the recipient must comply with host country environmental regulations. In case of conflict between host country and USAID regulations, the latter shall govern. No project funded by USAID will be implemented unless an environmental threshold determination, as defined by 22 CFR 216, has been reached for that project, as documented in a Request for Categorical Exclusion (RCE, Initial Environmental Examination (IEE) or Environmental Assessment, duly signed by the governing Bureau Environmental Officer (BEO). (Hereinafter, such documents are described as “approved Regulation 216 environmental documentation.”)

The USAID/DIV Bureau Environmental Officer (BEO) or any Mission Environmental Officer can be contacted for further information. For a listing of USAID Environmental Officers and background information on this requirement please refer to the USAID Environment Website (http://www.usaid.gov/our_work/environment/compliance/index.html).

All projects funded by this RFA must conform to USAID environmental regulations, 22 Code of Federal Regulations (CFR) 216, requiring that any environmental impacts that may arise from proposed activities (e.g., water and sanitation) are properly mitigated or reduced. Through requiring development of an “Initial Environmental Examination” or IEE, 22 CFR 216 ensures that any unintended environmental impacts of USAID-funded activities are identified and mitigation measures proposed at the design stage. Subsequently, over the life of the project, these environmental mitigation measures are expected to be a standard component of project management. The Applicant must also comply with host country environmental regulations. In case of conflict between host country and USAID regulations, the latter shall govern.

Oversight of Work Plan: As part of its initial Work Plan, and all Annual Work Plans thereafter, the recipient, in collaboration with the USAID Agreement Officer’s Technical Representative and Mission Environmental Officer or Bureau Environmental Officer as appropriate, shall review all ongoing and planned activities under the planned grant or cooperative agreement to determine if they are within the scope of the approved Regulation 216 environmental documentation.

Amendments (as Needed): If the awardee plans any new activities outside the scope of the approved Regulation 216 environmental documentation, it shall prepare an amendment to the environmental documentation for USAID review and approval. No such new activities shall be undertaken prior to receiving written USAID approval of environmental documentation amendments. Any ongoing activities found to be outside the scope of the approved Regulation 216 environmental documentation shall be halted until an amendment to the environmental documentation is submitted and written approval is received from USAID.

6.4 Voluntary Survey on Ensuring Equal Opportunity for Applicants

Executive Order 13279 of December 12, 2002, Equal Protection of the Laws for Faith-Based and Community Organizations, requires select federal agencies, including USAID, to collect data regarding the participation of faith-based and community organizations in social service projects that receive federal financial assistance. The applicant is encouraged, but is not required, to submit USAID’s Voluntary Survey on Faith-Based and Community Organizations.

6.5 USAID Disability Policy – Assistance (December 2004)

The objectives of the USAID Disability Policy are (1) to enhance the attainment of United States foreign assistance project goals by promoting the participation and equalization of opportunities of individuals with disabilities in USAID policy, country and sector strategies, project designs and implementation; (2) to increase awareness of issues of people with disabilities both within USAID projects and in host countries; (3) to engage other U.S. Government agencies, host country counterparts, governments, implementing organizations, and other donors in fostering a climate of nondiscrimination against people with disabilities; and (4) to support international advocacy for people with

disabilities. The full text of the policy paper can be found at the following website:
<http://www.usaid.gov/about/disability/DISABPOL.FIN.html>

USAID therefore requires that the Recipient not discriminate against people with disabilities in the implementation of USAID funded projects and that it make every effort to comply with the objectives of the USAID Disability Policy in performing the project under this Grant or Cooperative Agreement. To that end and to the extent it can accomplish this goal within the scope of the project objectives, the Recipient should demonstrate a comprehensive and consistent approach for including men, women and children with disabilities.

6.6 Branding and Marking Requirements for Assistance Awards (ADS 320.3.3) **(Effective Date: 01/08/2007)**

USAID's policy is that programs, projects, activities, public communications, or commodities implemented or delivered under co-funded instruments – such as grants, cooperative agreements, or other assistance awards that usually require a cost share – generally are “co-branded and co-marked.” In accordance with 22 CFR 226.91, this policy applies to these assistance awards even when the award does not require any cost sharing (see ADS 303.3.10).

6.6.1 Co-branding and Co-marking (ADS 320.3.3.1)

(Effective Date: 01/08/2007)

Co-branding and co-marking mean that the project name represents both USAID and the implementing partner, and the USAID Identity and implementer's logo must both be visible with equal size and prominence on project materials produced for project purposes. Such project materials include the assistance set forth at 22 CFR 226.91 (b) – (e). Project materials do not include commodities the recipient or sub-recipient procures for their own use in administering the USAID-funded project (in accordance with the definition of “commodities” in 22 CFR 226.2). In short, co-funding means co-branding and co-marking

However, the AO, after consulting with the project manager/requesting office, may determine that project goals require that the USAID Identity be larger and more prominent, if USAID is the majority donor and the USAID funded project, project, project or public communication is especially visible and important to USAID. A host-country symbol or ministry logo or other U.S. Government seal or logo may also be added, if applicable. Marking is not required for recipient's offices, vehicles, and items the recipient procures for its own administrative use (see 22 CFR Part 226.91 and 320.3.5). The prohibitions on use of the USAID Standard Graphic Identity (see 320.3.1.5 and 320.3.1.6) apply by USAID policy to recipients of grants and cooperative agreements.

6.6.2 Branding and Marking Requirements for Specific Grant, Cooperative Agreement, or Other Assistance Awards (ADS 320.3.3.2) (Effective Date: 01/08/2007)

Marking requirements, including requests for presumptive exceptions (see 22 CFR 226.91(h)) and waivers, for assistance awards must be in accordance with 22 CFR 226.91 (j). By policy, USAID requires non-U.S., non-governmental organizations, including cooperating country non-governmental organizations (and in rare cases, Public International Organizations, see 320.3.5), to follow marking requirements for assistance awards as set forth in this chapter and 22 CFR 226.91. In addition to the presumptive exceptions in 22 CFR 226.91(h), loan projects under assistance awards may also be determined to be an exception to the USAID marking policy, in accordance with section 320.3.4.4. For unsolicited proposals and other non-competitive awards, the applicant is considered the Apparently Successful Applicant and may submit a Branding Strategy and Marking Plan with their proposal. (See 320.3.1.4 regarding adding incremental funding to existing awards.) AOs, project managers and other members of the SOT/RO, and CTOs, with support from DOCs, Bureau/Office Communications Officers, and the Senior Advisor for Brand Management (LPA), are responsible for ensuring that Apparently Successful Applicants and recipients are familiar with the USAID Partner Co-Branding Guide and other Agency guidance.

A determination by an AO before an award is made that none of the presumptive exceptions applies is not subject to a separate appeal process, but may be handled through normal grant award or administration procedures. A determination by an AO after an award is made that a presumptive exception does not apply is subject to the appeals process at 22 CFR 226.90.

In accordance with section (j) of 22 CFR 226.91 and Marking Under Assistance Instruments, Principal Officers have the authority to approve waivers of marking requirements. Recipients may appeal the Principal Officer's determination concerning a waiver to the Principal Officer's cognizant AA.

For specific guidance to implement the requirements in this chapter in USAID grants and cooperative agreements, see Marking Under Assistance Instruments.
ADS Chapter 320 19

Annex 1: Acronyms

AA: Assistant Administrator
ADS: Automated Directives System
AID/A: United States Agency for International Development, Office of the Administrator
AO: Assistance Objectives
AS: Agreement Specialist
AOTR: Agreement Officer's Technical Representative
APS: Annual Program Statement
BEO: Bureau Environmental Officer
CCR: Central Contractor Registry
CFR: Code of Federal Regulations
CTO: Cognizant Technical Officer
DALY: Disability Adjusted Life Year
DIV: Development Innovation Ventures
DOC: Development Outreach and Communications
DUNS: Data Universal Numbering System
FAA: Foreign Assistance Act
FY: Fiscal Year
HIV: Human Immunodeficiency Virus
IEE: Initial Environmental Examination
LOC: Letter of Credit
LPA: USAID Bureau for Legislative and Public Affairs
NGO: Nongovernmental Organization
OAA: USAID Office of Acquisition and Assistance
OFAC: U.S. Treasury's Office of Foreign Assets Control
OMB: Office of Management and Budget
PIO: Public International Organizations
PMP: Performance Management Plan
PVO: Private Voluntary Organization
RCE: Request for Categorical Exclusion
RCT: Randomized Control Trial
RFA: Request for Applications
SOT/RO: Strategic Objectives Team / Regional Offices
TIN: Federal Taxpayer Identification Number
UNSC: United Nations Security Council
USAID: The United States Agency for International Development
USC: United States Code
USG: United States Government
WASH: Water, Sanitation and Hygiene

Annex 2: Glossary

Innovation: USAID/novel business or organizational models, operational or production processes, or products or services that lead to changes that are well beyond incremental, especially in reaching development goals and cost-efficiency. Constantly producing incremental improvements is critical to success but USAID/DIV prefers using innovative and innovation to describe efforts that produce improvements that are more drastic than incremental.

Benefit streams: The different types of social benefits arising from a project, and how the magnitude of each benefit changes over time. Such benefits may be referred to as development outputs, outcomes, impacts, or, simply, results. A key question is: how is a beneficiary better off as a result of the project?

Cost-effective: The measured value of the development outcome in comparison to the cost (dollars, hours, in-kind spent by all partners) of the project. For a project to be cost effective, it must achieve more development outcomes per dollar spent than the standard project targeting those development outcomes. Alternatively, it could achieve the exact same development outcomes as an alternative project, but at a smaller cost.

Market failure: A situation where there is another conceivable outcome where a market participant may be made better-off without making someone else worse-off. Market failures are often driven by information asymmetries (principal-agent problems with moral hazard and conflicts of interest), non-competitive markets (monopolies, oligopolies, monopsonies, etc.), insufficient protection of common goods (e.g. overfishing), insufficient public goods (e.g. knowledge of effective hand washing behavior), and externalities (see below).

Externality: a cost or benefit, not transmitted through prices, that is incurred by a party that did not agree to the action that caused the cost or benefit. Externalities can have positive impacts (my neighbor's proper disposal of waste makes me less likely to get sick), or negative impacts (upstream water pollution harms downstream residents).

Government failure: when a government's action or inaction leads to a situation where a different government policy would allow at least one citizen to be better off without making any other citizen worse off. Such failures can occur on the supply side (government actors) or demand side (voter behavior).

Stage 1 -Proof of Concept: Small scale projects used to establish viability (i.e. proof of concept), which may include initial focus groups or stakeholder consultations. These potential innovations will have to describe how and why they have the potential to be adopted by millions of people at scale, including descriptions of personnel, architecture, and cost considerations. While having no strict ceiling, Stage 1 funds will typically not exceed approximately \$100,000 per project. Most Stage 1 projects will last up to one year.

Stage 2- Pilot and Impact Evaluation: Activities include improving the innovations for scale production or launch and rigorously testing them to assess impact and benefits for people in developing countries. Rigorous testing should be done under conditions that allow a realistic assessment of how the approach would function at scale. Wherever possible, projects should aim for demonstration at a scale that is at a larger scale than the proof of concept (i.e. district-level or region). For innovations that would require on-going public support, rigorous impact measurement is a vital part of this stage. For those innovations for which the long-run planned scaling strategy is based on the private sector, there must be evidence for demand by the individuals in developing countries at a price sufficient to allow the innovation to be scaled without ongoing public support. Such projects should also make a prima facie case for the potential of the innovation to create social value, improve the health, education, income, or empowerment, etc. of people in developing countries. Typical Stage 2 funds will be around \$1 million per project. For most innovations, these funds will be spent over 2 - 3 years.

Stage 3- Transitioning Projects to Wide-Scale: Proposals for Stage 3 must have credible and rigorous evidence of effectiveness from past implementation of projects at a smaller scale. Stage 3 is expected to be at a countrywide scale and beyond (i.e. reaching millions of beneficiaries). Innovations will have to demonstrate the potential for scalability and sustainability at multi-country level via either the private or public sector. In this stage, proposals should identify and address alternative approaches and operational challenges for scaling—including the policy environment. This stage will involve in-depth and ongoing consultation with those who will ultimately scale up the project, including USAID bureaus, counterparts in country governments, other development agencies, and the private sector, to understand what would be needed for their organizations to scale. A typical Stage 3 project might initially aim to reach five million people across three countries. Stage 3 funds from USAID/DIV may range from \$1 million to \$15 million. It is anticipated that most competitive Stage 3 applications will leverage additional funding from other donors, investors, or other bureaus and missions in USAID. For most innovations, this phase will last three years. It should operate throughout at least one country along with planning or start-up development in at least two other countries.

Mainstreaming: The final step for successful projects will be graduation: as USAID bureaus, host countries, the private sector, bilateral or multilateral development agencies, or others adopt interventions at scale, they will no longer require support from USAID/DIV. The most successful USAID/DIV projects will be rapidly replicated and scaled to reach tens of millions of beneficiaries within 10 years.

Grants/Cooperative Agreements: Assistance mechanisms offered by USAID. Through this APS, USAID/DIV can solicit proposals for projects that will require grant funding or a cooperative agreement. Each offer a fixed amount of funding for applicant projects upon receipt of pre-agreed deliverables, which may include milestones, reports, or particular indicators of success. Cooperative agreements are distinguished from grants in that they allow “substantial involvement” of USAID in the activities of the assistance

recipient. For more information on grants and cooperative agreements, please see the linked document: <http://www.usaid.gov/policy/ads/300/30354s1.pdf>.

Projects/activities: The term “project” entails the proposed actions to be taken by the successful applicant upon the award of a USAID/DIV grant. It is used to mean a set of planned and then executed interventions identified through a design process, which are together intended to achieve a defined development result, generally by solving an associated problem or challenge. “Activities” also refers to these actions (undertaken by the grantee upon award) in addition to individual, constituent components of a project. Project details, including performance indicators and milestones, should be outlined in the technical narrative included in concept note and full proposal.

Performance Indicators: Performance indicators measure a particular characteristic or dimension of project results (outputs or outcomes) based on a project’s results framework and underlying theory of change. In general, outputs are directly attributable to the program’s activities, which project outcomes represent results to which a given program contributes but for which it is not solely responsible.⁴

Performance Monitoring: Performance monitoring of changes in performance indicators reveals whether desired results are occurring and whether implementation is on track. In general, the results measured are the direct and near term consequences of project activities.⁵

Rigorous Impact Evaluation: (Typically applied to Stage 2 projects) Rigorous impact evaluations measure the change in relevant development outcomes that are attributable to a defined intervention. Such evaluations are based on cause and effect and require a credible counterfactual to control for factors other than the defined project that might account for observable change. The Randomized Control Trial (RCT), often considered the most rigorous of such techniques, is used by the Food and Drug Administration to test new medicines, and will be the method used by many of USAID/DIV’s Stage 2 grants that expect to scale via the public sector. RCTs involve the assignment of project interventions to randomly selected beneficiaries but not to a randomly selected control group.⁶ For more information, please visit http://www.usaid.gov/evaluation/USAID_EVALUATION_POLICY.pdf?020911.

Scale through the Private Sector: Projects that are expected to achieve wide-spread adoption through private sector commercialization. Although projects may in some

⁴ USAID Bureau for Policy, Planning, and Learning, “Evaluation Policy,” 19 Jan 2011, page 4. http://www.usaid.gov/evaluation/USAID_EVALUATION_POLICY.pdf?020911

⁵ USAID Bureau for Policy, Planning, and Learning, “Evaluation Policy,” 19 Jan 2011, page 4. http://www.usaid.gov/evaluation/USAID_EVALUATION_POLICY.pdf?020911

⁶ Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2008. “Using Randomization in Development Economics Research: A Toolkit.” Handbook of Development Economics, Volume 4, Editors T. Paul Schultz, pages 3895-3957.

circumstances successfully make the case that public sector support is warranted during initial stages, in the medium to long term as the project reaches scale, the public sector will exit. At scale, long term production costs and sales prices are such that producers make profits, consumers demand and are willing to pay for the product or service, governments receive associated tax revenue, and development outcomes occur. An example is mobile money solutions in Africa, where private telecom firms make sustainable profits by offering systems that permit money to be transmitted from one mobile phone to another. This enables banking services to be delivered in areas where banking infrastructure is not present.

Scale through the Public Sector: Projects that are expected to achieve wide-spread adoption while relying on support from the public sector. This support could come from any combination of host country governments, bilateral or multilateral development agencies, or non-governmental organizations, etc. Such projects will be supported because they will rely on proof of their cost-effective delivery of development outcomes, thanks to the results of their rigorous impact evaluations. An example is vaccines, whose low cost, reliability and ease of delivery make them one of the most cost effective ways of enhancing health and of reducing poverty. With support from governments worldwide, a standard package of vaccines reaches three quarters of the world's children, protecting them against serious childhood diseases such as polio, whooping cough and diphtheria. These vaccines save 3 million lives a year, and prevent long-term disability and illness in millions more.

Scale through a combination of the Private and Public sector: Some proposals may rely on scale up plans that involve both the private and public sector. In this case, as much revenue as possible should be earned from direct beneficiaries that are willing to pay, which will minimize the size of the public sector support that is also required to address the market failure.

Annex 3: Potential candidates for Stage 3

This is a partial list of innovative approaches to development that have been rigorously tested and found to have positive impact, but have not yet been brought to scale. These are illustrative examples of the types of projects that could be considered for scaling. Important considerations in thinking about whether they are suitable for further work would include alignment with USAID priorities, potential for positive or negative impacts in large projects that differ from those found in small trials, operational issues that would be encountered in scale up, capability of the management team, prospects for exit strategies, and co-financing from other institutions. In some cases projects could be considered to be unsuitable for scaling or to require further testing.

Combining vaccination with nutritional projects:

Vaccines are among the most cost-effective health strategies available. Yet there are areas with very low vaccination rates, in part because the benefits are not immediately visible. An evaluation in India found that when a nutritional project provided one kilogram of lentils together with vaccination, full immunization rates rose from 5 to 35 percent. By encouraging more families to attend immunization clinics, these incentives can even reduce the per child cost of vaccinations.⁷

Commitment savings accounts:

Many of the poorest people have high return micro-investments available to them but are unable to invest due to lack of savings. Any cash they might have is easily diverted to more immediate needs. But helping them commit now to set aside money for the future can have huge effects on saving and investment, for very little cost. Innovative projects in the Philippines raised savings balances by 81 percent within a year.⁸

Contract teachers and remedial education:

Many more children now enroll in primary schools, but not enough teachers are available and classrooms are often massively overcrowded. Hiring contract teachers can be part of the solution. The biggest gains are made when these teachers are hired by local school committees who can monitor them and extra classes are sorted by academic preparedness. This helps to target instructions to students' level of learning and greatly boosts performance across all learners. Targeted remedial education has also been shown to be highly cost-effective. Remedial tutors can be hired at a fraction of the cost of formal

⁷ Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, Dhruva Kothari. "Improving Immunization Rates through Regular Camps and Incentives in Udaipur." www.povertyactionlab.org

⁸ Ashraf, Nava, Dean Karlan, Wesley Yin. 2006. "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines," *Quarterly Journal of Economics*, May 2006, pp. 635–672.

teachers, and have been shown to improve average test scores in a classroom by .28 standard deviations.⁹

Reducing ethnic and caste voting:

In many parts of the world, many citizens vote for candidates from their ethnic groups, even when those candidates have corrupt or criminal backgrounds. To address this, an NGO in India held village meetings and puppet shows encouraging voters to “vote on issues; not on caste.” In those villages, more voters registered and voted than in control villages. Furthermore, these voters were less likely to vote for members of their caste and less likely to vote for candidates with criminal backgrounds.¹⁰

Reducing corruption:

Corruption in infrastructure is so widespread that many donors shy away from supporting infrastructure projects. However, audits can decrease the amount of money that is stolen during construction. An experiment in which the frequency of government audits increased from 4% of projects to 100% reduced missing expenditures by 8 percentage points in a road construction project in Indonesia.¹¹

Reducing drop-out by informing parents of the value of education:

Providing parents with information about how much higher wages are for students who finish primary school increased attendance of enrolled children by 3.5 percentage points from a baseline of 85.6 percent in Madagascar, and reduced dropouts by 7% in the Dominican Republic.¹²

Support of microenterprise:

A Project in Sri Lanka provided small grants, in the form of financial capital or critical equipment, to micro-entrepreneurs. These \$100 or \$200 grants generated returns on the order of 60% per year.¹³

Iron and vitamin A supplements:

The diets of many poor children leave them undernourished and anemic. These children become sick more easily, have higher morbidity rates, and may fall behind on cognitive development. Providing iron and vitamin A supplements through schools is cheap and effective. Vitamin A helps food absorption and leads to weight gain while iron

⁹ Banerjee, Abhijit, Shawn Cole, Esther Duflo, and Leigh Linden. 2007. “Remedying Education: Evidence from Two Randomized Experiments in India,” *Quarterly Journal of Economics*, 122(3), 2007, pp. 1235–1264.

¹⁰ Banerjee, Abhijit, Donald Green, Jennifer Green, Rohini Pande. 2009. “Can Voters be Primed to Choose Better Legislators? Evidence from Two Field Experiments in Rural India.” Working Paper.

¹¹ Olken, Benjamin. 2007. “Monitoring Corruption: Evidence from a Field Experiment in Indonesia.” *The Journal of Political Economy*, 2007, vol. 115, no. 2.

¹² Jensen, R. 2007. “The Perceived Returns to Education and the Demand for Schooling.” In mimeo, Brown University. AND Nguyen, T. 2007. “Information, Role Models and Perceived Returns to Education: Experimental Evidence from Madagascar.” In mimeo, MIT.

¹³ De Mel, Suresh, David McKenzie, Christopher Woodruff. 2008. “Returns to Capital in Microenterprises: Evidence from a Field Experiment.” *The Quarterly Journal of Economics*, Nov 2008.

supplements reduce anemia. In pilot studies, gains are particularly large for girls, and when children are sick less often, mothers work more.¹⁴

After-school projects for basic skills:

Even when children go to school, many end up learning virtually nothing. Schools do not always teach the right things and cannot accommodate the needs of children who fall behind. Concentrating on basic skills can prove remarkably effective. Children who attended a pilot version of the after-school “Read India” project for just three months jumped from simply recognizing letters to reading entire paragraphs on their own, at a cost of no more than \$2.25 per pupil, per year. Additional work is needed to conduct further testing of this approach.¹⁵

Report cards in Pakistani primary schools:

In many countries, parents may not have sufficient information regarding the quality of their schools’ or children’s performance. An experimental intervention examined the impact of providing school and child-level report cards on learning within a randomized sample of schools in Pakistan. The provision of information improved overall learning by 0.10 standard deviations and decreased private school fees by 18 percent. The cost of providing information was similar to the resulting drop in school fees, and the intervention likely raised welfare by increasing child learning and lowering educational costs.¹⁶

Civil society and health provision

A randomized field experiment on community-based monitoring of public primary health care providers in Uganda found treatment communities were more involved in monitoring the provider, and the health workers exerted higher effort to serve the community. There were also large increases in health care utilization and improved health outcomes, including reduced child mortality and increased child weight.¹⁷

New approaches to conditional-cash transfers

The Secretary of Education in Bogota piloted three versions of conditional-cash transfers: i) The standard treatment where families are paid a bimonthly sum conditional on students meeting attendance targets; ii) A ‘savings treatment’ which reserves 1/3 of the sum until the beginning of the academic year to help families with associated costs; and iii) A ‘tertiary treatment’ which reduces the bimonthly sum but then pays families a substantially larger sum after graduation from basic education (11th grade). The percentage of students continuing to tertiary education was substantially higher (49.7

¹⁴ Bobonis, Gustavo, Edward Miguel, Charu Sharma. 2004. “Iron Deficiency Anemia and School Participation.” Poverty Action Lab Paper No. 7.

¹⁵ Duflo, Esther, Rachel Glennerster. 2010. “Read India: Helping Primary School Students in India Acquire Basic Math and Reading Skills.” www.povertyactionlab.org

¹⁶ Andrabi, T., J. Das, and A. Khwaja. 2009. “Report Cards: The Impact of Providing School and Child Test Scores on Educational Markets.” Working Paper.

¹⁷ Bjorkman, Martina, and Jacob Svensson. 2009. “Power to the People: Evidence from A Randomized Field Experiment on Community-Based Monitoring in Uganda.” *The Quarterly Journal of Economics*, May 2009, pp. 735 – 769.

percentage points) for students receiving the tertiary treatment, and significantly higher (8.8 percentage points) for students receiving the savings treatment.¹⁸

New techniques to change risky behavior

Providing information on the relative risk of HIV infection by partner's age led to a 28 percent decrease in teen pregnancy, an objective proxy for the incidence of unprotected sex. Self-reported sexual behavior data suggests substitution away from older (riskier) partners and toward same-age partners. In contrast, the official abstinence-only HIV curriculum had no impact on teen pregnancy. These results suggest that teenagers are responsive to risk information.¹⁹

Publicizing findings of random audits of Municipalities

In 2003, as part of an anticorruption project, Brazil's federal government began to select municipalities at random to audit their expenditures of federally transferred funds. The findings of these audits were then made publicly available and disseminated to media sources. A rigorous impact evaluation shows that the release of the audit outcomes had a significant impact on incumbents' electoral performance and that these effects were more pronounced in municipalities where local radio was present to divulge the information. These findings highlight the value of having a more informed electorate and the role played by local media in enhancing political selection.²⁰

Proven vocational training for disadvantaged youth

Youth unemployment in Latin America is exceptionally high, as much as 50% among the poor. Vocational training may be the best chance to help unemployed young people at the bottom of the income distribution. A RCT of such a program in Colombia in 2005 measured impacts on the employment and earnings of trainees. The evaluation found that the program raises earnings and employment for both men and women, with larger effects on women. Women offered training earn about 18% more than those not offered training, while men offered training earn about 8% more than men not offered training. Much of the earnings increases for both men and women are related to increased employment in formal sector jobs following training. The benefits of training are greater when individuals spend more time doing on-the-job training, while hours of training in the classroom have no impact on the returns to training. Cost-benefit analysis of these results suggests that the program generates a large net gain, especially for women.²¹

¹⁸ Barrera-Ororio, Felipe, Marianne Bertrand, Leigh Linden, Francisco Perez-Calle. 2008. "Conditional Cash Transfers in Education: Design Features, Peer and Sibling Effects. Evidence from a Randomized Experiment in Colombia." Working Paper.

¹⁹ Dupas, Pascaline. 2011. "Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya." *American Economic Journal: Applied Economics*, 3 (1), pp.1-36, January 2011.

²⁰ Ferraz, Claudio and Frederico Finan. 2008. "Exposing Corrupt Politicians: The Effects Of Brazil's Publicly Released Audits On Electoral Outcomes." *The Quarterly Journal of Economics*, May 2008.

²¹ Attanasio, Orazio, Adrianna Kugler and Costas Meghir, "Training Disadvantaged Youth in Latin America: Evidence from a Randomized Trial," NBER Working Paper No. 13931



Annex 4: Certifications, Assurances, and Other Statements of the Applicant/Recipient

Certifications, Assurances, and Other Statements of the Applicant/Recipient²²

(May 2006)

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²² 07/25/07

Certifications, Assurances, and Other Statements of the Applicant/Recipient (May 2006)

NOTE: When these Certifications, Assurances, and Other Statements of Applicant/Recipient are used for cooperative agreements, the term "Grant" means "Cooperative Agreement".

Part I – Certifications and Assurances

1. Assurance of Compliance with Laws and Regulations Governing Non-Discrimination in Federally Assisted Programs

Note: This certification applies to Non-U.S. organizations if any part of the program will be undertaken in the United States.

(a) The recipient hereby assures that no person in the United States shall, on the bases set forth below, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under, any program or activity receiving financial assistance from USAID, and that with respect to the Cooperative Agreement for which application is being made, it will comply with the requirements of:

(1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000-d), which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance;

(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance;

(3) The Age Discrimination Act of 1975, as amended (Pub. L. 95-478), which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds;

(4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and

(5) USAID regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

(b) If the recipient is an institution of higher education, the Assurances given herein extend to admission practices and to all other practices relating to the treatment of students or clients of the institution, or relating to the opportunity to participate in the provision of services or other benefits to such individuals, and shall be

applicable to the entire institution unless the recipient establishes to the satisfaction of the USAID Administrator that the institution's practices in designated parts or programs of the institution will in no way affect its practices in the program of the institution for which financial assistance is sought, or the beneficiaries of, or participants in, such programs.

(c) This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts, or other Federal financial assistance extended after the date hereof to the recipient by the Agency, including installment payments after such date on account of applications for Federal financial assistance which was approved before such date. The recipient recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance. This Assurance is binding on the recipient, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the recipient.

2. Certification Regarding Lobbying

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal Cooperative Agreement, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31,

United States Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

“The undersigned states, to the best of his or her knowledge and belief, that: If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.”

3. Prohibition on Assistance to Drug Traffickers for Covered Countries and Individuals (ADS 206)

USAID reserves the right to terminate this Agreement, to demand a refund or take other appropriate measures if the Grantee is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking as defined in 22 CFR Part 140. The undersigned shall review USAID ADS 206 to determine if any certifications are required for Key Individuals or Covered Participants.

If there are COVERED PARTICIPANTS: USAID reserves the right to terminate assistance to or take other appropriate measures with respect to, any participant approved by USAID who is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking as defined in 22 CFR Part 140.

4. Certification Regarding Terrorist Financing, Implementing Executive Order 13224

By signing and submitting this application, the prospective recipient provides the certification set out below:

1. The Recipient, to the best of its current knowledge, did not provide, within the previous ten years, and will take all reasonable steps to ensure that it does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts, as that term is defined in paragraph 3.

2. The following steps may enable the Recipient to comply with its obligations under paragraph 1:

a. Before providing any material support or resources to an individual or entity, the Recipient will verify that the individual or entity does not (i) appear on the master list of Specially Designated Nationals and Blocked Persons, which list is maintained by the U.S. Treasury's Office of Foreign Assets Control (OFAC) and is available online at OFAC's website :

<http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf>, or (ii) is not included in any supplementary information concerning prohibited individuals or entities that may be provided by USAID to the Recipient.

b. Before providing any material support or resources to an individual or entity, the Recipient also will verify that the individual or entity has not been designated by the United Nations Security (UNSC) sanctions committee established under UNSC Resolution 1267 (1999) (the "1267 Committee") [individuals and entities linked to the Taliban, Osama bin Laden, or the Al Qaida Organization]. To determine whether there has been a published designation of an individual or entity by the 1267 Committee, the Recipient should refer to the consolidated list available online at the Committee's website:

<http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.

c. Before providing any material support or resources to an individual or entity, the Recipient will consider all information about that individual or entity of which it is aware and all public information that is reasonably available to it or of which it should be aware.

d. The Recipient also will implement reasonable monitoring and oversight procedures to safeguard against assistance being diverted to support terrorist activity.

3. For purposes of this Certification-

a. "Material support and resources" means currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials."

b. "Terrorist act" means-

- (i) an act prohibited pursuant to one of the 12 United Nations Conventions and Protocols related to terrorism (see UN terrorism conventions Internet site: **<http://untreaty.un.org/English/Terrorism.asp>**); or
- (ii) an act of premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents; or

- (iii) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

c. "Entity" means a partnership, association, corporation, or other organization, group or subgroup.

d. References in this Certification to the provision of material support and resources shall not be deemed to include the furnishing of USAID funds or USAID-financed commodities to the ultimate beneficiaries of USAID assistance, such as recipients of food, medical care, micro-enterprise loans, shelter, etc., unless the Recipient has reason to believe that one or more of these beneficiaries commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated or participated in terrorist acts.

e. The Recipient's obligations under paragraph 1 are not applicable to the procurement of goods and/or services by the Recipient that are acquired in the ordinary course of business through contract or purchase, e.g., utilities, rents, office supplies, gasoline, etc., unless the Recipient has reason to believe that a vendor or supplier of such goods and services commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated or participated in terrorist acts.

This Certification is an express term and condition of any agreement issued as a result of this application, and any violation of it shall be grounds for unilateral termination of the agreement by USAID prior to the end of its term.

5. Certification of Recipient

By signing below the recipient provides certifications and assurances for (1) the Assurance of Compliance with Laws and Regulations Governing Non-Discrimination in Federally Assisted Programs, (2) the Certification Regarding Lobbying, (3) the Prohibition on Assistance to Drug Traffickers for Covered Countries and Individuals (ADS 206) and (4) the Certification Regarding Terrorist Financing Implementing Executive Order 13224 above.

APS/APS No. _____

Application No. _____

Date of Application _____

Name of Recipient _____

Typed Name and Title _____

Signature _____

Date _____

Part II – Key Individual Certification Narcotics Offenses and Drug Trafficking

I hereby certify that within the last ten years:

1. I have not been convicted of a violation of, or a conspiracy to violate, any law or regulation of the United States or any other country concerning narcotic or psychotropic drugs or other controlled substances.
2. I am not and have not been an illicit trafficker in any such drug or controlled substance.
3. I am not and have not been a knowing assister, abettor, conspirator, or colluder with others in the illicit trafficking in any such drug or substance.

Signature: _____

Date: _____

Name: _____

Title/Position: _____

Organization: _____

Address: _____

Date of Birth: _____

NOTICE:

1. You are required to sign this Certification under the provisions of 22 CFR Part 140, Prohibition on Assistance to Drug Traffickers. These regulations were issued by the Department of State and require that certain key individuals of organizations must sign this Certification.

2. If you make a false Certification you are subject to U.S. criminal prosecution under 18 U.S.C. 1001.

Part III – Participant Certification Narcotics Offenses and Drug Trafficking

1. I hereby certify that within the last ten years:

- a. I have not been convicted of a violation of, or a conspiracy to violate, any law or regulation of the United States or any other country concerning narcotic or psychotropic drugs or other controlled substances.
- b. I am not and have not been an illicit trafficker in any such drug or controlled substance.
- c. I am not or have not been a knowing assistor, abettor, conspirator, or colluder with others in the illicit trafficking in any such drug or substance.

2. I understand that USAID may terminate my training if it is determined that I engaged in the above conduct during the last ten years or during my USAID training.

Signature: _____

Name: _____

Date: _____

Address: _____

Date of Birth: _____

NOTICE:

1. You are required to sign this Certification under the provisions of 22 CFR Part 140, Prohibition on Assistance to Drug Traffickers. These regulations were issued by the Department of State and require that certain participants must sign this Certification.

2. If you make a false Certification you are subject to U.S. criminal prosecution under 18 U.S.C. 1001.

Part IV – Certification of Compliance with the Standard Provisions Entitled “Condoms” and “Prohibition on the Promotion or Advocacy of the Legalization or Practice of Prostitution or Sex Trafficking.”

Applicability: This certification requirement only applies to the prime recipient. Before a U.S. or non-U.S. non-governmental organization receives FY04-FY08 HIV/AIDS funds under a grant or cooperative agreement, such recipient must provide to the Agreement Officer a certification substantially as follows:

“[Recipient's name] certifies compliance as applicable with the standard provisions entitled “Condoms” and “Prohibition on the Promotion or Advocacy of the Legalization or Practice of Prostitution or Sex Trafficking” included in the referenced agreement.”

APS/APS No. _____

Application No. _____

Date of Application _____

Name of Applicant/Subgrantee _____

Typed Name and Title _____

Signature _____

Part V – Survey on Ensuring Equal Opportunity for Applicants

Applicability: All APS's must include the attached Survey on Ensuring Equal Opportunity for Applicants as an attachment to the APS package. Applicants under unsolicited applications are also to be provided the survey. (While inclusion of the survey by Agreement Officers in APS packages is required, the applicant's completion of the survey is voluntary, and must not be a requirement of the APS. The absence of a completed survey in an application may not be a basis upon which the application is determined incomplete or non-responsive. Applicants who volunteer to complete and submit the survey under a competitive or non-competitive action are instructed within the text of the survey to submit it as part of the application process.)

<http://www.ed.gov/fund/grant/apply/appforms/surveyeo.pdf>

Part VI – Other Statements of Recipient

1. Authorized Individuals

The recipient represents that the following persons are authorized to negotiate on its behalf with the Government and to bind the recipient in connection with this application or grant:

Name	Title	Telephone No.	Facsimile No.

2. Taxpayer Identification Number (TIN)

If the recipient is a U.S. organization, or a foreign organization which has income effectively connected with the conduct of activities in the U.S. or has an office or a place of business or a fiscal paying agent in the U.S., please indicate the recipient's TIN:

TIN: _____

3. Data Universal Numbering System (DUNS) Number

(a) In the space provided at the end of this provision, the recipient should supply the Data Universal Numbering System (DUNS) number applicable to that name and address.

Recipients should take care to report the number that identifies the recipient's name and address exactly as stated in the proposal.

(b) The DUNS is a 9-digit number assigned by Dun and Bradstreet Information Services. If the recipient does not have a DUNS number, the recipient should call Dun and Bradstreet directly at 1-800-333-0505. A DUNS number will be provided immediately by telephone at no charge to the recipient. The recipient should be prepared to provide the following information:

- (1) Recipient's name.
- (2) Recipient's address.
- (3) Recipient's telephone number.
- (4) Line of business.
- (5) Chief executive officer/key manager.
- (6) Date the organization was started.
- (7) Number of people employed by the recipient.
- (8) Company affiliation.

(c) Recipients located outside the United States may obtain the location and phone number of the local Dun and Bradstreet Information Services office from the Internet Home Page at <http://www.dbisna.com/dbis/customer/custlist.htm>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at globalinfo@dbisma.com.

The DUNS system is distinct from the Federal Taxpayer Identification Number (TIN) system.

DUNS: _____

4. Letter of Credit (LOC) Number

If the recipient has an existing Letter of Credit (LOC) with USAID, please indicate the LOC number:

LOC: _____

5. Procurement Information

(a) Applicability. This applies to the procurement of goods and services planned by the recipient (i.e., contracts, purchase orders, etc.) from a supplier of goods or services for the direct use or benefit of the recipient in conducting the program supported by the grant, and not to assistance provided by the recipient (i.e., a subgrant or subagreement) to a subgrantee or subrecipient in support of the subgrantee's or subrecipient's program. Provision by the recipient of the requested information does not, in and of itself, constitute USAID approval.

(b) Amount of Procurement. Please indicate the total estimated dollar amount of goods and services which the recipient plans to purchase under the grant:
\$ _____

(c) Nonexpendable Property. If the recipient plans to purchase nonexpendable equipment which would require the approval of the Agreement Officer, please indicate below (using a continuation page, as necessary) the types, quantities of each, and estimated unit costs. Nonexpendable equipment for which the Agreement Officer's approval to purchase is required is any article of nonexpendable tangible personal property charged directly to the grant, having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

TYPE/DESCRIPTION (Generic)	QUANTITY	ESTIMATED UNIT COST
_____	_____	_____
_____	_____	_____

(d) Source, Origin, and Componentry of Goods. If the recipient plans to purchase any goods/commodities which are not of U.S. source and/or U.S. origin, and/or does not contain at least 50% componentry, which are not at least 50% U.S. source and origin, please indicate below (using a continuation page, as necessary) the types and quantities of each, estimated unit costs of each, and probable source and/or origin, to include the probable source and/or origin of the components if less than 50% U.S. components will be contained in the commodity. "Source" means the country from which a commodity is shipped to the cooperating country or the cooperating country itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse. Any commodity whose source is a non-Free World country is ineligible for USAID financing. The "origin" of a commodity is the country or area in which a commodity is mined, grown, or produced. A commodity is produced when, through manufacturing, processing, or substantial commodity results, which is substantially different in basic characteristics or in purpose or utility from its components. Merely packaging various items together for a particular procurement or relabeling items do not constitute

production of a commodity. Any commodity whose origin is a non-Free World country is ineligible for USAID financing. "Components" are the goods, which go directly into the production of a produced commodity. Any component from a non-Free World country makes the commodity ineligible for USAID financing.

TYPE/QUANTITY DESCRIPTION (Generic)	EST. UNIT COST	GOODS/ COM- PONENTS	PROB. SOURCE	GOODS/ COM- PONENTS	PROBABLE ORIGIN
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e) Restricted Goods. If the recipient plans to purchase any restricted goods, please indicate below (using a continuation page, as necessary) the types and quantities of each, estimated unit costs of each, intended use, and probable source and/or origin. Restricted goods are Agricultural Commodities, Motor Vehicles, Pharmaceuticals, Pesticides, Rubber Compounding Chemicals and Plasticizers, Used Equipment, U.S. Government-Owned Excess Property, and Fertilizer.

TYPE/QUANTITY DESCRIPTION (Generic)	EST. UNIT COST	PROBABLE SOURCE	PROBABLE ORIGIN	INTENDED USE
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(f) Supplier Nationality. If the recipient plans to purchase any goods or services from suppliers of goods and services whose nationality is not in the U.S., please indicate below (using a continuation page, as necessary) the types and quantities of each good or service, estimated costs of each, probable nationality of each non-U.S. supplier of each good or service, and the rationale for purchasing from a non-U.S. supplier. Any supplier whose nationality is a non-Free World country is ineligible for USAID financing.

TYPE/QUANTITY DESCRIPTION (Generic)	EST. UNIT COST	PROBABLE SOURCE (Non-US Only)	NATIONALITY	RATIONALE for NON-US
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(g) Proposed Disposition. If the recipient plans to purchase any nonexpendable equipment with a unit acquisition cost of \$5,000 or more, please indicate below (using a continuation page, as necessary) the proposed disposition of each such item. Generally, the recipient may either retain the property for other uses and make compensation to USAID (computed by applying the percentage of federal participation in the cost of the original program to the current fair market value of the property), or sell the property and reimburse USAID an amount computed by applying to the sales proceeds the percentage of federal participation in the cost of the original program (except that the recipient may deduct from the federal share \$500 or 10% of the proceeds, whichever is greater, for selling and handling expenses), or donate the property to a host country institution, or otherwise dispose of the property as instructed by USAID.

TYPE/QUANTITY DESCRIPTION (Generic)	QUANTITY	ESTIMATED UNIT COST	PROPOSED DISPOSITION
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6. Type of Organization

The recipient, by checking the applicable box, represents that -

(a) If the recipient is a U.S. entity, it operates as ☐ a corporation incorporated under the laws of the State of, ☐ an individual, ☐ a partnership, ☐ a nongovernmental nonprofit organization, ☐ a state or local governmental organization, ☐ a private college or university, ☐ a public college or university, ☐ an international organization, or ☐ a joint venture; or (b) If the recipient is a non-U.S. entity, it operates as ☐ a corporation organized under the laws of _____ (country), ☐ an individual, ☐ a partnership, ☐ a nongovernmental nonprofit organization, ☐ a nongovernmental educational institution, ☐ a governmental organization, ☐ an international organization, or ☐ a joint venture.

Annex 5: Addendum - WASH for Life: A Call for Development Innovation Ventures Proposals related to Water, Sanitation and Hygiene

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

ANNOUNCEMENT

**CALL FOR WASH FOR LIFE: DEVELOPMENT INNOVATION VENTURES PROPOSALS RELATED TO WATER, SANITATION AND HYGIENE UNDER EXISTING ANNUAL PROGRAM STATEMENT
APS No: M/OAA/ GRO/LMA/11-02000**

This program is authorized in accordance with Part 1 of the Foreign Assistance Act of 1961, as amended.

Through this Addendum to the FY 2011 & FY 2012 Development Innovation Ventures Annual Program Statement No. **M/OAA/ GRO/LMA/11-02000** (the DIV APS), USAID's Development Innovation Ventures (USAID/DIV), as part of its "WASH for Life (Water, Sanitation & Hygiene for Life)" collaboration with the Bill and Melinda Gates Foundation, makes this special call for the submission of DIV proposals related to water, sanitation, and hygiene, hereinafter to be referenced as "WASH for Life," or "Special Window."

The specific objective of WASH for Life is: to identify, test, and transition to scale promising approaches to achieving cost-effective, sustained, scalable outcomes in the water, sanitation and hygiene sectors to significantly improve the lives of the impoverished around the world.

All application forms and rules are unchanged from the DIV APS but substantial additional resources will be available for proposals targeting this window. Unless otherwise specifically stated herein, all terms and conditions of the DIV APS apply.

Background

Water, sanitation, and hygiene are all critical to reducing the burden of water-borne diseases. One Millennium Development Goal (MDG) aims to cut in half the number of people without sustainable access to basic sanitation by 2015. But efforts are off track by up to 700 million people. 1.2 billion people practice open defecation, meaning they have no sanitation facilities at all, and 1.3 billion people use unsafe latrines. Even though researchers estimate that effective sanitation services alone can reduce diarrheal disease by up to 45 percent, 1.6 million children still die each year from diarrheal disease. Diarrhea is the second leading cause of death among children under the age of five. Only

roughly 10 percent of all government and donor funds dedicated to water, sanitation, and hygiene improvements are focused on sanitation. Where there are investments, they tend to be in large infrastructure projects that serve non-impooverished areas. And often infrastructure is not well maintained.

The government and markets have failed to date in reaching the economically disadvantaged in a sustainable, at scale and effective manner but these failures can be overcome by competing innovative and cost-effective approaches from diverse partners, testing projects rigorously, and scaling and replicating those that are proven successful. Through WASH for Life, USAID/DIV explicitly seeks to support new, promising approaches with the aim to help produce health outcomes more effectively and more cost-efficiently for people in developing countries. WASH for Life will focus not on basic research for new technologies, but rather on ways to increase sustained uptake of behaviors for which there is demonstrated evidence of impacts. It is expected that these promising approaches will be innovative, in that they will often involve new applications of technologies, new business practices, new ways to deliver services, behavior change messaging, and financial and institutional arrangements and processes, with the potential to deliver significant, rather than incremental, improvements in producing cost-effective development outcomes at scale.

Projects suitable for USAID/DIV funding under WASH for Life will demonstrate:

- **Problem identification - correcting market and government failures.** Ineffective service delivery through both markets and governments can lead to poor outcomes for marginal groups, wastage, and unintended consequences. Proposals must address the potential for addressing these sorts of failures and how the proposed approach creates incentives for these failures to be avoided and/or easily detected.
- **Cost Effectiveness.** Projects should demonstrate cost-effectiveness in a rigorous and measurable way. Projects must achieve more development outcomes per dollar spent than the standard project targeting those development outcomes, or the same development outcomes as an alternative project, but at a smaller cost.
- **Sustainability and Scale.** This call is open to a variety of approaches to sustainability, including both public and private sector finance, but USAID/DIV will support approaches especially if there is reason to believe proposed adopters will pay and that services will reach people who need it. New approaches should be scalable and replicable, with the potential to reach millions of people in 10 years as they are adopted to scale across multiple countries, ideally across multiple WASH sectors, or in developing country health more broadly.

Although applications addressing all WASH areas are welcome; examples, intended to be illustrative not comprehensive, of the types of projects that could be funded in this call could include:

- endowment funds for infrastructure maintenance;
- trust funds that provide long run rewards and create incentives for high quality construction;

- new approaches to WASH finance such as output-based funding and cash on delivery for key WASH outcomes;
- new approaches for sanitation demand creation and sanitation marketing;
- district-level contracting for operations and maintenance, with a potential focus on schools as a focal point for service delivery;
- point-of-collection water treatment;
- behavior change approaches drawing on insights from psychology and behavioral economics; and
- new approaches to influence social norm setting around WASH.

Solicitation

Under this Special Window, USAID/DIV seeks out proposals that test and transition to scale approaches to achieving cost-effective, sustained, scalable changes to significantly improve the lives of the impoverished. Although projects addressing problems in any WASH area or any country may apply, USAID/DIV will also have additional resources available for interventions that:

- Operate in the following priority countries: Bangladesh, Ethiopia, Ghana, Haiti, India, Kenya and/or Nigeria;
- Address issues in the sanitation and hygiene sectors in particular; and
- Target beneficiaries earning under \$2 a day (PPP adjusted).

Application Instructions and Review Process

Under this Special Window, USAID/DIV will be responsible for the proposal review process and management of awards. Applicants are requested to submit proposals electronically to the Agreement Specialist at DIVApplications@usaid.gov using the application forms found at <http://www.usaid.gov/div/apply.html>. For information regarding guidelines and procedures to submit a proposal, please refer to Sections 3 and 4 of the DIV APS which can be found at the following website: <http://www.usaid.gov/div/aps/DIVAnnualProgramStatement2.0.pdf>.

Applications for WASH for Life will be reviewed according to the process for the DIV APS. Applicants can submit proposals to the “core” DIV APS and/or this Special Window. Meanwhile, USAID/DIV retains the right to evaluate any core applicant under this Special Window, or any Special Window applicant under the core DIV APS. Potential applicants are directed to Section 4.2 of the DIV APS and <http://www.usaid.gov/div/apply.html> for information on submission deadlines.

Award and Administration Information

Under WASH for Life, USAID/DIV plans to make multiple awards, subject to the availability of funds. Nevertheless, USAID/DIV reserves the right to make a single award, to fund parts of applications, or not to make any awards at all. Issuance of this APS does not constitute an award commitment on the part of the U.S. Government, nor

does it commit the U.S. Government to pay for any costs incurred in the preparation and submission of any application. As stated in the DIV APS, USAID/DIV anticipates that a grant(s) or cooperative agreement (s) will be awarded as a result of this Special Window, where USAID/DIV will determine the type of award on a case by case basis. For more information about applicant's responsibilities, please see Section 5.1.4 of the APS.

Proposed activities should be consistent with USAID legal and policy restrictions including those set forth in USAID's Automated Directives System (ADS) and in the Foreign Assistance Act of 1961, as amended; please consult with the Agreement Specialist for any other questions at DIVApplications@usaid.gov.